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**An Assessment of Possibilities for Stronger Inclusion
of Upper-middle-income Economies in the Fairtrade System - Case Study Serbia**

by

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To Katarina, for Mihailo

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DECLARATION

I submitted this thesis to the University of Warwick and Université libre de Bruxelles in support of my application for the double degree of Doctor of Philosophy as a part of the Erasmus Mundus Globalisation, Europe and Multilateralism PhD School. It has been composed by myself and has not been submitted in any previous application for any degree. The work presented is original and was carried out by myself. Works of other scholars are clearly quoted and referenced, as well as my previously published papers.

ABSTRACT

During the last two decades, the Fair Trade literature has constantly questioned the basic theoretical assumptions of dominant economic orthodoxies and the Fairtrade system has challenged mainstream businesses with its market successes. In the heart of this rapidly growing system is its general *modus operandi* stating, firstly, that all low-income, lower-middle-income and upper-middle-income economies (i.e. developing countries) are welcomed to join as countries where Fairtrade products are produced in primary production, traded and consumed. Secondly, that the high-income economies (i.e. developed countries) are the countries where Fairtrade products are traded (or processed in secondary production) and consumed.

However, the Fairtrade system's practice is inconsistent with its internal normative and operational bases in the case of nine European upper-middle income economies, which are allowed to have Fairtrade traders (or processors in secondary production) and consumers, however, their poor and marginalised small-scale producers are forbidden from entering the Fairtrade system as primary producers. Therefore, they are under a direct threat of becoming double-losers, potentially excluded from both non-Fairtrade and Fairtrade economy.

This inconsistency is important because the greater integration of all upper-middle-income economies may in practice be another step towards the creation of a more global Fairtrade system. In this envisioned state, firstly, the poor and marginalised small-scale producers and workers from nine excluded upper-middle-income economies will gain a new perspective to develop and thrive, by being included in the Fairtrade system. Secondly, more poor and marginalised small-scale producers and workers from other countries of the world will gain additional and stronger access to new markets in these nine upper-middle-income economies once they are fully included.

One of these "producer-excluded" upper-middle-income economies - Serbia, and its full Fairtrade potentials, which have never been fully on the Fair Trade radar before, will be in the focus of my doctoral research.

ABBREVIATIONS

| | |
|---------------|--|
| BTC | Trade for Development Centre of Belgium |
| CDJPD | Centre for Development of Jablanica and Pcinja Districts |
| Co-op | Co-operative Food |
| DFID | Department for International Development |
| EU | European Union |
| Fairtrade | Fairtrade Labelling Organizations International |
| International | |
| FMO | Fairtrade marketing organisation |
| FTO | Fair Trade organisation |
| GCR | Global Competitiveness Report |
| GNI | Gross national income |
| IBRD | International Bank for Reconstruction and Development |
| ILO | International Labour Organization |
| ISO | International Organization for Standardisation |
| NASA | National Aeronautics and Space Administration |
| NCC | National Campaigner Committee |
| NFO | National Fairtrade organisation |
| SADS | Serbian Strategy for Agricultural Development |
| UNDP | United Nations Development Programme |
| WEF | World Economic Forum |
| WFTO | World Fair Trade Organisation |
| WTO | World Trade Organisation |

RESEARCH TRAINING

During my doctoral studies, research trainings greatly facilitated my PhD research. Firstly, I passed the obligatory first year PhD course at the University of Warwick: *The First Year PhD Training Module, 2011/2012 - Explanation and Methodology in PaIS* (October 2011 - May 2012). Furthermore, I participated at the ULB's *Café Doctoral* meetings (October 2012 - March 2013). Moreover, I audited two methodological courses at the University of Warwick - *Qualitative Methods* (October 2011 - December 2011) and *Quantitative Data Analysis and Interpretation* (January 2012 - April 2012).

In addition, I finished nine IT research courses organised by the University of Warwick IT Service and University of Warwick Library: *NVivo 9 - Working with Data Training*, *NVivo 9 - An Overview Training* Microsoft, *IBM SPSS Statistics 19 - Data Operations*, *IBM SPSS Statistics 19 - Elementary Statistical Methods*, *IBM SPSS Statistics 19 - An Overview Training* and *Word 2010 - Theses and Dissertations*. Also, *Understanding Official Publications and Statistics Training*, *End Note Web and Current Awareness Services Training* and *Electronic Recourses and Databases Training*. Finally, I completed two of the University of Warwick's *Lifelong Language Learning French Language Lessons*, acquiring B1 and B2 levels (2011 - 2012 and 2013 - 2014).

CHAPTER I - INTRODUCTION

1.1. From Kepler 22-b down to Earth

On December 5th 2011, the National Aeronautics and Space Administration (NASA) announced the discovery of the Kepler 22-b, "the closest confirmed planet yet to one like ours - an 'Earth 2.0'" (BBC 2011, p.1). Most certainly, this is one of the greatest discoveries in the contemporary history of space exploration and the fact that there are currently 2,326 more Earth 2.0 candidates waiting for their status to be upgraded from "candidate" to "confirmed" (Ibid.) demonstrates that it is just the first of many.

Eight months later, on August 6th 2012, the world witnessed another NASA accomplishment, the landing of the Mars rover "Curiosity" (BBC 2012a). After surviving the "seven minutes of horror", a name suitably given for the entry, descent and landing sequences, Curiosity made her first steps, travelling at the speed of six meters per Mars day. Two weeks after the successful landing, inspired by this astonishing success, NASA announced another mission to Mars for the year 2016 - "InSight" (BBC 2012b).

By the end of 2013, another giant leap for mankind occurred when the Voyager-1 spacecraft left the Solar System and became the first manmade object to do so. According to Professor Stone, the chief scientist on the venture: "This is really a key milestone that we'd been hoping we would reach when we started this project over 40 years ago - that we would get a spacecraft into interstellar space" (BBC 2013, p.1).

When these and many other contemporary achievements of the human race in its constant quest for knowledge are taken into account, it seems that our curiosity, insight and progress are unlimited.

Simultaneously, however, from cosmic heights down to Earth, the situation is rather different. More than two billion people (World Bank 2013 and Shah 2013) live below poverty lines set by the United Nations Development Programme (UNDP) at \$1 (€0.89, £0.65, RSD107.41¹) a day per person for Africa and Asia, \$2 (€1.79, £1.30, RSD214.82) for Latin America and the Caribbean, \$4 (€3.58, £2.60, RSD429.65) for Eastern Europe and the CIS countries and \$14.40 (€12.87, £9.36, RSD1 546.72) for industrial countries (1997, p.13)².

Together with another billion people who live just above these lines (World Bank 2013 and Shah 2013), coming from both developing and developed countries, from the Global South³, as well as from the Global North, almost a half of the global population is often hungry, food insecure, or consumes food that is either unsafe or lacks critical micronutrients essential to unobstructed psycho-physical development. Moreover, they frequently lack access to clean and safe water, adequate shelter and health care. They are often either fully or functionally illiterate, educationally disadvantaged, lacking essential professional skills, involuntary unemployed and insecure. In addition, they are frequently completely powerless to change both the national and international rules, which continually frustrate their interests, and finally, on many meridians, and even in well-established democracies, they can lack basic representation and freedom (broadened Stewart and Wang's definition of poverty 2003, p.16)⁴.

¹ When necessary, I will present the monetary data in four currencies - in US dollars (\$), Euros (€), Pounds sterling (£) and Serbian dinars (RSD). Exchange rates used are from September 10, 2015.

² This UNDP's classification echoes in a number of more recent categorisations (see also UNDP 2014, World Bank 2013, Shah 2013, Chang 2009, World Bank 2008 and 2000, etc.) and I will take it as a starting point as well.

³ I will follow UNDP's definition of the Global South and the Global North: "The use of the term "South" to refer to developing countries collectively has been part of the shorthand of international relations since the 1970s. It rests on the fact that all of the world's industrially developed countries (with the exception of Australia and New Zealand) lie to the north of its developing countries. The term does not imply that all developing countries are similar and can be lumped together in one category. What it does highlight is that although developing countries range across the spectrum in every economic, social and political attribute, they all share a set of vulnerabilities and challenges" (2004, p.2, see also UNDP 2013 and Odeh 2010).

⁴ This broadened Stewart and Wang's definition of poverty is the one which captures numerous key qualitative aspects of poverty and it will be the base for my understanding as well.

Global Food and Economic Crises

The most recent negative impact on their effort to break out of poverty and to start to develop and thrive is the global economic crisis. According to one of the most prominent development studies scholars, Cambridge Professor Ha-Joon Chang, who was recently voted the third most influential economist after Paul Krugman and Amartya Sen (Prospect 2013), the contemporary global economy "lies in tatters" (Chang 2011, p.xi). "While fiscal and monetary stimulus of unprecedented scale has prevented the financial melt-down of 2008 from turning into a total collapse of the global economy, the 2008 global crash still remains the second-largest economic crisis in history, after the Great Depression" (Ibid.).

Roubini chooses to focus more closely on different regions in order to illuminate the current situation in the global economy, five years after the beginning of the crisis. Starting with developed countries, the European Union (EU) has not resolved its fundamental problems. Primarily, the rising inequalities between the northern and southern members, followed by the "low potential growth, ongoing recession, loss of competitiveness, and large stocks of private and public debt" (2013, p.1). On the other side of the Atlantic Ocean, the US still struggles with unemployment and high household debts, the fiscal drag, spending cuts hindering growth and the dysfunctionality of the political system (Ibid., p.2).

Rapidly developing countries' troubles are numerous as well. China is struggling with regional imbalances, growing income and wealth inequalities, too much savings, too little private consumption, fixed investment and unprecedented environmental degradation. It shares another important commonality with other BRIC countries (i.e. Brazil, Russia and India) - overly entrenched state capitalism, "which does not bode well for growth" (Ibid., p.3), and can be especially problematic when mixed with high politics, as the current Russian economic crisis illustrates (The Economist 2014).

Less developed economies were in a difficult position even before the global economic crisis. According to Jaffee: "The unfairness of international trade has for centuries troubled many people who have witnessed its human and environmental effects. The terms of trade between North and South... have long been unequal" (2007, p.11). Therefore, with the outbreak of the crisis, the already challenging situation became even more complicated. Not only are the vast majority of more developed countries still far from recovering from the impacts of the crisis, they have spent tens of times more funds addressing the shortfalls of liquidity in their banks than is required for achievement and implementation of the United Nations Millennium Development Goals⁵ (Cigna et al. 2014, p.500).

At the other side of the spectrum of economics, seemingly less alarmed World Trade Organisation's (WTO) Director General, Pascal Lamy, nevertheless notes that even though a few years have passed since the trade collapse of 2008/2009, "the world economy and trade remain fragile" and that "we are not yet out of the woods" (WTO 2012, p.1).

WTO statistics quantitatively confirm Lamy's concerns. The expansion of the world trade, which amounts to \$18.3 (€16.36, £11.89, RSD1,965.63) trillion in total, out of which the share of agricultural products is around 6 percent, i.e. \$1.1 (€0.98, £0.71, RSD118.15) trillion (Bozic et al. 2011), decelerated sharply from 13.8 percent in 2010 to only 5.0 percent in 2011, slowing further to 2.0 percent in 2012. The WTO's predictions in 2012 had been nearly twice as high: 3.7 percent (WTO 2012 and 2013). This growth rate for world merchandise trade is "below the long-term average of 6.0% for 1990-2008, and it is even below the average over the last 20 years including the period of the trade collapse (5.5%)" (WTO 2012, p.2). In addition, it was followed by falling prices for traded goods. Many

⁵ "The United Nations Millennium Development Goals are eight goals that all 191 UN Member States have agreed to try to achieve by the year 2015. The United Nations Millennium Declaration, signed in September 2000 commits world leaders to combat poverty, hunger, disease, illiteracy, environmental degradation, and discrimination against women"(World Health Organization 2015, p.1).

commodities prices declined sharply in recent years, with coffee (-22%) and cotton (-42%) being at the top of the list (WTO 2013).

In the end, Chang points out that the aftermath of the crisis will be felt for years by the majority of people around the globe. "The huge budget deficits created by the crisis will force governments to reduce public investments and welfare entitlements significantly, negatively affecting economic growth, poverty and social stability - possibly for decades. Some of those who lost their jobs and houses during the crisis may never join the economic mainstream again. These are frightening prospects" (2011, p.xi).

Although the mainstay of practitioners and scholars focus on the global economic crisis, it was, in fact, preceded by the 2005-2008 global food crisis, the significance of which is usually underestimated. Lang describes it as a "shock to political elites" (2010, p.87). "When world commodity prices rocketed in 2007, some policy language verged on the apocalyptic" (Ibid., p.88) due to the fact that food policies were failing to respond adequately to "the squeeze on land, people, health and environment" (Ibid., p.87), impacting the whole global food system.

In line with his perspective is a United Nations Conference on Trade and Development's research paper, stating that "[t]he already grave situation of global hunger was further worsened by the 83 per cent increase in global food prices between 2005 and 2008" (Mittal 2009, p.1). This crisis all but reversed the steady decrease in world hunger since the 1970s (Lang 2010, p.87).

Unlike many previously seen crises, the problems were not exclusively related to low-income and lower-middle-income economies⁶, a fact that correlates with events during the

⁶ Economies (215 in total) are divided according to GNI per capita calculated by using the World Bank Atlas Method (World Bank 2015a):

- 1) Low-income economies (31 economies) - \$1,045 (€941.06, £678.05, RSD113,299) or less,
- 2) Lower-middle-income economies (48 economies) - \$1,046 to \$4,125 (€3,715.38, £2,676.49, RSD447,233),
- 3) Upper-middle-income economies (55 economies) - \$4,126 to \$12,735,
- 4) High-income economies (75 economies) - \$12,736 (€11,469.22, £8,263.72, RSD1,380,837) or more.

global economic crisis of 2008/2009. Both crises equally represented a major challenge for upper-middle-income and high-income economies as well (Ibid.). For example, many of the upper-middle-income economies were hit hard because they are highly dependent on their agro-food industries and very sensitive to changes in their agricultural imports and exports (Bozic et al. 2011, p.42, 143). In addition, a stronger entry of low-income and especially lower-middle-income economies in the world markets has shifted the patterns of comparative advantage in upper-middle-income economies (Goldberg and Pavcnik 2007, p.30).

| Low-income economies (\$1,045 or less) - 31 economies | | |
|--|-----------------|--------------|
| Afghanistan | Gambia, The | Niger |
| Benin | Guinea | Rwanda |
| Burkina Faso | Guinea-Bissau | Sierra Leone |
| Burundi | Haiti | Somalia |
| Cambodia | Korea, Dem Rep. | South Sudan |
| Central African Republic | Liberia | Tanzania |
| Chad | Madagascar | Togo |
| Comoros | Malawi | Uganda |
| Congo, Dem. Rep | Mali | Zimbabwe |
| Eritrea | Mozambique | |
| Ethiopia | Nepal | |

| Lower-middle-income economies (\$1,046 to \$4,125) - 51 economies | | |
|--|-----------------------|-----------------------|
| Armenia | Indonesia | Samoa |
| Bangladesh | Kenya | São Tomé and Príncipe |
| Bhutan | Kiribati | Senegal |
| Bolivia | Kosovo | Solomon Islands |
| Cabo Verde | Kyrgyz Republic | Sri Lanka |
| Cameroon | Lao PDR | Sudan |
| Congo, Rep. | Lesotho | Swaziland |
| Côte d'Ivoire | Mauritania | Syrian Arab Republic |
| Djibouti | Micronesia, Fed. Sts. | Tajikistan |
| Egypt, Arab Rep. | Moldova | Timor-Leste |
| El Salvador | Morocco | Ukraine |
| Georgia | Myanmar | Uzbekistan |
| Ghana | Nicaragua | Vanuatu |
| Guatemala | Nigeria | Vietnam |
| Guyana | Pakistan | West Bank and Gaza |
| Honduras | Papua New Guinea | Yemen, Rep. |
| India | Philippines | Zambia |

| Upper-middle-income economies (\$4,126 to \$12,735 - 53 economies) | | |
|---|--------------------|--------------------------------|
| Albania | Fiji | Namibia |
| Algeria | Gabon | Palau |
| American Samoa | Grenada | Panama |
| Angola | Iran, Islamic Rep. | Paraguay |
| Azerbaijan | Iraq | Peru |
| Belarus | Jamaica | Romania |
| Belize | Jordan | Serbia |
| Bosnia and Herzegovina | Kazakhstan | South Africa |
| Botswana | Lebanon | St. Lucia |
| Brazil | Libya | St. Vincent and the Grenadines |
| Bulgaria | Macedonia, FYR | Suriname |
| China | Malaysia | Thailand |
| Colombia | Maldives | Tonga |
| Costa Rica | Marshall Islands | Tunisia |
| Cuba | Mauritius | Turkey |
| Dominica | Mexico | Turkmenistan |
| Dominican Republic | Mongolia | Tuvalu |
| Ecuador | Montenegro | |

| High-income economies (\$12,736 or more) - 80 economies | | |
|--|--------------------------|---------------------------|
| Andorra | Germany | Poland |
| Antigua and Barbuda | Greece | Portugal |
| Argentina | Greenland | Puerto Rico |
| Aruba | Guam | Qatar |
| Australia | Hong Kong SAR, China | Russian Federation |
| Austria | Hungary | San Marino |
| Bahamas, The | Iceland | Saudi Arabia |
| Bahrain | Ireland | Seychelles |
| Barbados | Isle of Man | Singapore |
| Belgium | Israel | Sint Maarten (Dutch part) |
| Bermuda | Italy | Slovak Republic |
| Brunei Darussalam | Japan | Slovenia |
| Canada | Korea, Rep. | Spain |
| Cayman Islands | Kuwait | St. Kitts and Nevis |
| Channel Islands | Latvia | St. Martin (French part) |
| Chile | Liechtenstein | Sweden |
| Croatia | Lithuania | Switzerland |
| Curaçao | Luxembourg | Taiwan, China |
| Cyprus | Macao SAR, China | Trinidad and Tobago |
| Czech Republic | Malta | Turks and Caicos Islands |
| Denmark | Monaco | United Arab Emirates |
| Estonia | Netherlands | United Kingdom |
| Equatorial Guinea | New Caledonia | United States |
| Faeroe Islands | New Zealand | Uruguay |
| Finland | Northern Mariana Islands | Venezuela, RB |
| France | Norway | Virgin Islands (U.S.) |
| French Polynesia | Oman | |

Table 1. Economies divided according to gross national income (GNI) per capita (World Bank 2015a).

One of the main reasons contributing to this change is the increasing widespread of inequality. Goldberg and Pavcnik, in up-to-date, one of the most comprehensive studies on

this issue, find that there are numerous evidences implicating the rise of inequality, globally (2007).

Murray and Raynolds concur with them, stating that: "Wealth, in gross material terms, increased to previously unimaginable levels in some parts of the world, but so too did income inequalities within and between countries" (2007, p.6). Secondly, the UNDP's 2013 report states that "[t]here are also deeper problems, shared by North and South: growing inequality in many countries, both developed and developing, which threatens global recovery and the sustainability of future progress and limits poverty reduction" (2013, p.1-2). "Wide disparities remain within countries of both the North and the South, and income inequality within and between many countries has been rising... Indeed, one can go further and state that there is a "south" in the North and a "north" in the South" (Ibid.).

The majority of losers of both the global food and economic crises live in the poorest developing countries, i.e. in low-income and lower-middle-income economies (UNDP 2013 and Mittal 2009). However, this certainly does not mean that poor and marginalised people who live in upper-middle-income and high-income economies under or around poverty lines are not experiencing comparable challenges, already identified in broadened Stewart and Wang's definition of poverty stated above, thus showing that there is also a "south" in the Global North.

In my opinion, the latter deserve similar attention. How they can return to the road of development through one of the contemporary developmental initiatives, the Fairtrade system, which originated as a response to the negative effects of the contemporary, "inclusive" neoliberalism and the present-day global economic system (Schmelzer 2006), will be the core research interest of my doctoral thesis. The specific focus will be on one of the upper-middle-income economies, Serbia, which will be briefly presented next, together with its contemporary challenges.

1.2. Serbia and Serbian Food System after Global Food and Economic Crises

During the last five years, both Serbia in general and its food system in particular experienced numerous difficulties, which is, historically, not a novel situation. Bozic and her colleague point out that even before the Second World War, Serbia was characterised as a cheap labour, raw material producing economy (Bozic et al. 2011, p.238). They went as far as to say that back then, it was "developed as a semi-colonial country" (Ibid.).

According to Professor Zaklina Stojanovic, a leading agro-marketing researcher in Serbia, the Yugoslav planned economy, of which Serbia was a part, focussed primarily on urbanisation and industrialisation, which left numerous negative consequences on its agricultural and rural development (2013c, interview). Almost all ex-Yugoslav countries, including Serbia, lost a decade of momentum to conflicts and international isolation, whereas many other post-socialist economies evolved into high-income markets.

Following the fall of Slobodan Milosevic in October 2000, genuine political, social and economic advancements commenced. After just a few years of progress, however, the global food (2005-2008) and then, the global economic (2008/2009) crises influenced Serbia in general, and its national food system in particular. This lead to the situation that today, with \$5,820 (€5,203.40, £3,781.92, RSD625,134.26) GNI per capita, Serbia is an upper-middle-income economy (World Bank 2015b).

In its recent turbulent past, Serbia experienced unique major setbacks such as wars, a crisis environment, adverse UN Security Council sanctions, the disintegration of Yugoslavia and the general economic recession, accompanied by monetary disorders and the third most severe hyperinflation in human history (Bogdanov et al. 2000). These additional problems are, most often, not the burden that many of the upper-middle-income economies had to bear. Given the fact that Serbia had to deal with them as well, the World Economic Forum's (WEF)

worrying data, presented in the 2013 Global Competitiveness Report (GCR), comes as no surprise.

The following table below clearly depicts the graveness of the contemporary general situation in Serbia. In more than two-thirds of categories, Serbia was ranked in the bottom 10 percent of the 144 countries analysed. A more comprehensive analysis will be put forward below, but here I will just single out some of the issues.

To begin with, apart from affordability of financial services (100/144), Serbia is not in the top 100 countries according to any parameter. Furthermore, in six out of twenty categories (cooperation in labour-employer relation, buyer sophistication, burden of government regulation, intensity of local competition, extent of market dominance and efficiency of legal framework in settling disputes), Serbia ranks among the ten least capable countries. In addition, regarding its extent of market dominance, Serbia is among the weakest three countries, being second only to Mongolia and Haiti. This data alone is enough to start the debate about "repositioning" Serbia in terms of its developmental realities further down the list of developing countries, although it is geographically situated in the Global North.

| Serbia in WEF's GCR | |
|--|---------------|
| Category | Serbia (/144) |
| 1. Ethical behaviour of firms | 132 |
| 2. Cooperation in labour-employer relation | 139 |
| 3. State of cluster development | 133 |
| 4. Local supplier quantity | 110 |
| 5. Local supplier quality | 113 |
| 6. Affordability of financial services | 100 |
| 7. Ease of access to loans | 105 |
| 8. Buyer sophistication | 138 |
| 9. Agricultural policy costs | 119 |
| 10. Favouritism in decisions of government officials | 132 |
| 11. Burden of government regulation | 136 |
| 12. Quality of overall infrastructure | 120 |
| 13. Quality of roads | 122 |
| 14. Quality of the educational system | 111 |
| 15. Brain drain | 141 |
| 16. Intensity of local competition | 137 |
| 17. Extent of market dominance | 142 |
| 18. Property rights | 130 |
| 19. Efficiency of legal framework in settling disputes | 138 |
| 20. Nature of competitive advantage | 134 |

Table 2. Serbia in WEF's GCR (2013, p.313).

Therefore, the understanding of the current moment cannot be complete without seeing the broader picture, best depicted by the words of one of my interviewees, Bojan Tojaga. The director of the Agency for Local Economic Development of the City of Leskovac in Jablanica District has noted that with regard to Serbia and its food system, "the crisis is not present only for the last three or four years, here, the crisis has been happening for far longer" (2013, interview 01:03).

Now that some of the key general contemporary Serbian indicators, challenges and difficulties, typical and atypical for upper-middle-income economies' group have been illuminated, I will briefly present the consequences of the crises on all of the three main links in Serbian food value chains - the Serbian food producers, traders and consumers, which were affected in different ways and to various degrees. These three referent objects, i.e. producers, traders and consumers, will be the main referent points around which I will organise my discussion throughout my doctoral thesis. A brief discussion will be presented now and a

more comprehensive debate will be put forward in chapters VII and VIII focussing solely on Serbia.

Serbian Food Producers

Starting with the Serbian food producers, the first who felt the initial shock of the crises were the biggest among them. Professor Natalija Bogdanov, director of the department of agricultural economics at the Faculty of Agriculture of the University of Belgrade explains: "The crisis in the food sector, from the producers' perspective, was felt with a one-year time lag, because, as with all previous big economic crises in Europe, it was preceded by inflation. That was the big jump in prices of agricultural products in 2008 [(the peak of the food crisis)], which is always the first indicator of serious market and structural disorders... Already back then, there were indications that we cannot expect anything good in the coming years. The crisis started somewhere in the 2008/2009 vegetation cycle... at the start of the crisis, the biggest producers were hit the strongest, [because] they are more strongly connected with the market... and they are more sensitive to inflation and serious monetary and fiscal disorders" (2013, interview 03:37). Therefore, for a number of them the crisis "practically called into question their solvency and their capacity to continue production next year" (Ibid., 6:02).

However, current increased food exports, coupled with further evidence presented by Sberbank's senior agriculture credit and risk adviser, Elvis Colovic, seem to indicate that the larger producers, with over 100 hectares (ha) of land⁷ have emerged from the crises with rather less effort and slighter implications than others (2013, interview). In his opinion, they were able to leverage effective investments due to the quality of their products, the Serbian

⁷ 1ha equals 2.47105 acres.

natural potentials that remained in both domestic and foreign demand, but also due to their comparatively low technological base in light of the political and economic circumstances discussed above (Ibid.).

On the other hand, for the small-scale producers in Serbia, the situation was rather different. The initial wave of the crises did not affect them, because they were generally connected only with local markets selling either directly or through middlemen (Bogdanov 2013, interview). However, as the crisis continued, and other sectors began to deteriorate, the full implications came to bear upon them. Especially problematic in the case of Serbia was a sudden, sharp drop in general employment, given the fact that the number of employed people fell by half a million between 2009 and 2011 meaning that the official unemployment rate in Serbia is above 25 percent (Vukojicic Obradovic 2012, p.1). This had a particularly negative effect on small-scale producers, because many of them worked, at least part-time, in other sectors, and now found themselves without this very important additional source of income (Bogdanov 2013, interview).

The same national setback led to the sudden impoverishment of their consumers, especially from the biggest cities causing additional problems for small-scale producers, since they were their main customers, as stated by Branimir Ivanovic, agricultural adviser at the Municipality of Lebane in Jablanica District and a small-scale producer himself (2013, interview). In the following years, according to him (Ibid.), and his colleagues from Jablanica District, Bozidar Djordjevic, agricultural adviser at the Municipality of Medvedja (2013, interview) and Nebojsa Stojanovic, president of the Municipality Vlasotince (2013b, interview), small-scale producers were also confronted with the increase in prices of mechanisation, seeds, fertilisers and pesticides. Consequently, if they fail to meet the sustainability levels even just for one season, "they will not have the capital to restart their

production next year", rendering their situation particularly precarious in light of their poverty and size (Ivanovic 2013 interview 02:31).

According to Donka Smiljkovic, agricultural adviser at the Municipality Trgoviste in Pcinja District (2013, interview), their response was either to reinforce their efforts to maintain themselves, or to leave production altogether and move, either to bigger cities or abroad, as was the case in many of the most underdeveloped municipalities. This led to the situation that today, Serbia has 20 percent less small farming households than it had before the crises, which in absolute terms amounts to a loss of more than 150,000 small family farms (Biznis i Finansije 2014). The future prognoses are even worse and according to the same source, by 2020, when it is expected for Serbia to join the EU, it can lose additional 250,000 family farms, in which case in Serbia the talk will not be about empty villages, but of empty regions (Ibid.).

Serbian Food Traders

In national terms, Serbian food traders, i.e. exporters/importers, manufacturers/processors, wholesalers and retailers, are of almost equal importance to that of food producers. This industry generates a significant part of the Serbian gross domestic product (SADS 2005, p.19) and food exports represents 20 percent of total Serbian export grossing over one billion dollars (€0.91, £0.64, RSD107.93) worth of foreign trade surplus every year (Statistical Office of the Republic of Serbia 2013a). The strongest Serbian agricultural export potentials are found within: fresh fruits, dried fruits, fruit juices, vegetables, maize and wheat (Bozic et al. 2011). Imports, in return, are driven by coffee, citrus fruits, bananas, rice and cotton (Ibid.).

However, due to fifteen years of unsuccessful privatisations and the last five post-crises years, many food traders are now out of business. This altered the trading link of Serbian food value chains and induced a situation in which today the most powerful players in the Serbian market are large foreign supermarkets. This is best depicted by the fact that the entrance and cooperation with the biggest - Delhaize Serbia (part of the Delhaize Group) which in 2011 acquired the Delta Maxi group (Archicom 2014, Cakic 2014 and Marinkovic 2014) is seen as the holy grail for all food producers and other food traders, according to a number of my interviewees (Djuraskovic 2013, interview and Vuckovic 2013, interview, to state a few).

Therefore, as in the case of Serbian food producers, the crises had less negative effects on some of the biggest Serbian food traders, like the ones capable of exporting or on large foreign supermarkets, primarily due to their strong position in Serbian food value chains. Consequently, the failure of Delhaize Serbia to meet its targets in 2013 (Reuters 2013), originated in the dramatic impoverishment of the final link in the food system, i.e. Serbian food consumers, instead of being caused by the food producers or other smaller food traders better organisation in terms of value chain governance.

Serbian Food Consumers

The final link, the Serbian food consumers, shared the destiny of food producers. Again, there is a significant minority which is still well-off, particularly in the capital, Belgrade, but also in regional city centres, not excluding South Serbia's Leskovac in Jablanica District or Vranje in Pcinja District. This is confirmed by several of my interviewees, including Relja Kosanovic, sustainability officer at Delhaize Serbia in charge with the regional line of Delhaize Fairtrade products (2013, interview), by Milica Fotiric

Aksic, Professor at Faculty of Agriculture of the University of Belgrade (2013, interview), and by Dragana Nikolic, director of sales at Primanova (2013b, interview). It is therefore reasonable to assert that a number of Serbian consumers are still more than capable to freely express their shopping preferences, in spite of the crises.

The other side of the consumers' coin, according to the same interviewees, paints a rather different picture. As already stated, the crises challenged numerous sectors and industries strongly, especially in Serbia's biggest cities rendering the economic circumstances of poor and average consumers precarious. This can be easily gleaned from "...the data on the unemployment rate, average wage and the basket of goods and services. From these data it is clear that one in four people cannot find work and that most of the citizens meet even their basic needs such as housing and food with difficulty" (Vukojicic Obradovic 2012, p.1).

Finishing the short presentation of the final key element of the Serbian food system, I briefly put forward the complete post-crises picture of the Serbian food system. Slavoljub Blagojevic, the president of one of the least developed municipalities in Serbia, Crna Trava in Jablanica District summarises the situation succinctly in stating that "[t]he crisis hit both the rich and the poor, however, the poor are feeling it more" (2013, interview 00:06).

Following the discussion about the contemporary moment in which the global economy in general and one of the upper-middle-income economies, Serbia, and its food system in particular are, focused on widely discussed global economic crisis, but also on the global food crisis which preceded it, the remainder of the Introduction will proceed in five stages.

Firstly, I will briefly discuss the Fair Trade movement, the Fairtrade system and the Fair Trade literature. Furthermore, I will identify gaps in the Fair Trade literature by revealing the group of "producer-excluded" upper-middle-income economies. I will begin bridging these gaps by analysing Serbia as one of its members, and its full Fairtrade

potentials, which have never been on the Fair Trade radar before. In addition, I will put forward underlying research question and three attendant research questions, which will lead the discussion, as well as contributions to the Fair Trade literature which I aim to make. Finally, I will provide an outline of the chapters of my doctoral thesis and end the Introduction with concluding remarks.

1.3. Fair Trade Movement, Fairtrade System and Fair Trade Literature at a Glance

The previous debate clearly demonstrates that maintaining the pre-2008 developmental rates, let alone eradicating global poverty, is proving a more challenging task for civilisation than finding potentially habitable planets 600 light-years away, or sending spacecrafts to Mars and beyond our Solar System. Therefore, it comes as no surprise that, according to Abdelrahman, a number of development programmes, movements, initiatives and campaigns tackle developmental issues today (2010).

Central to their agendas are new political, economic, social and ecological rights and values (Murray and Raynolds 2007 and 2000, Buttel and Gould 2004). They offer "novel ways in which they span North/South and producer/consumer divides" (Raynolds and Wilkinson 2007, p.39), insisting on redefining trade relations between developing and developed countries (Strong 1996) and believing that the trade and not aid should be accented (Annan 2001). Furthermore, according to Fair Trade research doyen, Oxford Professor Alex Nicholls and Charlotte Opal, the chair of the Fairtrade Labelling Organizations International's (Fairtrade International) standards committee, today, their focus is on the global market and not on national authoritarian regimes (2005, p.22-23). Instead of sole concerns about the sustainability of production and its environmental impacts, they now focus on political, economic, social and environmental contexts of the production processes in general and on

the global economy and international trade in particular, in order to make them more ethical and fair (Ibid.).

From this milieu emerged the Fair Trade movement and the Fairtrade system, as its most prominent part (Krier 2005), gaining significant momentum during the last two decades. Academically, they were predominantly analysed by the Fair Trade literature. I will now put forward their "at a glance" presentation, since all of the below-presented topics will be discussed in detail in chapters II and III, in which both the literature review and doctoral thesis' theoretical framework will be presented.

The idea of fair and ethical business and trade is not a new one and there are many scholars who have tackled this issue (for examples, see in: Fontaine 2008, Jackson 2008, Fridell 2003, Alvey 1999, Galbraith 1998, Drakopoulos 1997, Winch 1996, Canterbury 1995, Rothschild 1993, Thompson 1991 and others). However, the earliest start of what is today called Fair Trade, a proto-Fair Trade movement, began with a group of British Quakers who founded Oxfam in 1942 in order to raise funds for wartime relief, primarily in Greece in 1941-1942 (O'Grada 2007, p.18).

The modern form of Fair Trade soon followed in the early post-World War II era when the initial attempts to commercialise Fair Trade goods in the markets of developed countries were undertaken. The pioneers were the Mennonite and Brethren in Christ churches in North America that founded Ten Thousand Villages in 1946, which started the Fair Trade supply chains in developing countries (Lyon 2006, p.454). A few years later, during the 1950s, secular alternative trade organisations and shops emerged in Europe, such as, for example, the UK's Twin Trading, Dutch *Fair Trade Organisatie* and Oxfam's Worldshops (Ibid.).

With the slogan "Trade not Aid", pro-Fair Trade initiatives gained international recognition in 1968 when the United Nations acknowledged the concept for the first time

(Hockerts 2005). In 1986, Equal Exchange, one of the most famous Fair Trade coffee companies was founded in Canton, Massachusetts (Lyon 2006, p.454) and it was one of the most vocal heralds of major events which happened shortly after.

The history of the Fairtrade system itself began in 1988 with the launch of the Max Havelaar label for coffee coming from Mexico, which was introduced by the Dutch development agency *Solidaridad* (Fairtrade International 2012a). Three years later, this label was replicated in neighbouring Belgium, a year after in Switzerland and in 1993 in Germany and France (Giovannucci and Koekoek 2003, p.39). The Fairtrade Foundation, which was founded in 1992 by a number of British development organisations, soon followed, and in 1994 it introduced the Green & Black's "Maya Gold" chocolate, the first product carrying the mark which went on sale in the United Kingdom (Lamb 2008, p.60).

However, the history of Fairtrade changed decisively in 1997 when the above-stated Dutch, Belgian, Swiss, German, French, British and eleven other National Fairtrade Organisations (NFO)⁸ established Fairtrade International⁹ in Bonn, Germany, which united them and pooled their certification and marketing resources together (Nicholls and Opal 2005, p.10-11). In 2002, they launched, for the first time, an International Fairtrade Certification Mark (FAIRTRADE Mark), which is now a famous brand name in the developed world. Following a decade of continuous growth, the Fairtrade system became one of the largest social certification systems in the world (Ibid., p.128).

Another step forward happened in 2003 when Fairtrade International's certification department ceased to exist in its original form and was outsourced to FLO-CERT that got the International Organisation for Standardisation's (ISO) accreditation in 2007 and became "the first accredited certifier for social standards and development" (FLO-CERT 2011, p.4). In

⁸ NFOs are also referred to in the Fair Trade literature as "national labelling initiatives" (LIs).

⁹ Fairtrade International is also referred to in the Fair Trade literature as "FLO" and "FLO International".

this way, the foundations of the Fairtrade system were laid, ushering in its rapid contemporary development.

Therefore, according to its supporters, Fair Trade is a general term corresponding to a broader social movement representing "a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalised producers and workers - especially in developing countries" (Fairtrade International and WFTO 2011, p.1). According to, for example, Murray and Raynolds (2007), Schmelzer (2006), Ransom (2001) and Raynolds (2000), Fair Trade is one of the most dynamic initiatives which emerged as a response to negative economic effects in recent decades.

Regarding the Fairtrade system, it is the leading Fair Trade movement in the agriculture and food sector and one of the biggest ethical certification systems in the world, following a very strict set of its own, combined with the International Organization for Standardisation (ISO) standards, rules and regulations. According to its supporters, it is based on five groups of high economic, labour, social and environmental principles and two monetary benefits - the Fairtrade minimum price and the Fairtrade premium (FINE 2001, see also in: Brkovic 2013a and 2012, Fairtrade International 2012b, Fairtrade International 2011a, Nelson and Pound 2009, Lamb 2008, Jaffee 2007, Raynolds et al. 2007, Hayes 2006, Nicholls and Opal 2005, Auroi 2003, Murray et al. 2003 and others).

Quantitatively, the Fairtrade system has expanded rapidly over the last two decades, at a stable rate of around 15 percent annually and it has been steadily developing even during and after the global food and economic crises. In 2013, the sales of Fairtrade products amounted to €5.5 (\$6.15, £4, RSD660.77) billion worldwide (Fairtrade International 2014b, p.19). The global leader is the United Kingdom, with €2.04 (\$2.28, £1.48, RSD245.08) billion worth of sales (Ibid.) and the Coordinator of Fairtrade Small Producers in Latin

America and the Caribbean (CLAC) is the regional producer network with the biggest number of producer groups (Ibid., p.1).

| Country | Growth rate | 2012 (in €) | 2013 (in €) | Per capita |
|----------------|-------------|---------------|---------------|------------|
| Australia/NZ | 1% | 188,045,618 | 189,244,894 | 6.76 |
| Austria | 21% | 107,000,000 | 130,000,000 | 12.54 |
| Belgium | 9% | 85,837,221 | 93,209,845 | 8.3 |
| Canada | 1%* | 182,638,667 | 173,179,745 | 4.87 |
| Czech Republic | 142%* | 2,744,524 | 6,439,976 | 0.61 |
| Denmark | 13% | 71,836,714 | 81,080,778 | 14.38 |
| Estonia | 65% | 1,061,938 | 1,756,251 | 1.34 |
| Finland | 3% | 152,263,629 | 156,785,309 | 28.7 |
| France | 3% | 345,829,378 | 354,845,458 | 5.36 |
| Germany | 23% | 533,062,796 | 653,956,927 | 8.08 |
| Hong Kong | 95% | 422,803 | 825,175 | 0.11 |
| India | n/a | - | 641,890 | 0.0005 |
| Ireland | 13% | 174,954,927 | 197,296,405 | 42.77 |
| Italy | 17% | 65,435,059 | 76,355,675 | 1.24 |
| Japan | 22%* | 71,419,147 | 68,976,524 | 0.54 |
| Kenya | n/a | - | 51,064 | 0.001 |
| Latvia | 4% | 938,975 | 975,010 | 0.49 |
| Lithuania | 0% | 846,027 | 842,258 | 0.29 |
| Luxembourg | 16% | 8,319,391 | 9,628,859 | 17.32 |
| Netherlands | 6% | 186,100,623 | 197,142,624 | 11.7 |
| Norway | 9%* | 65,450,834 | 68,441,095 | 13.32 |
| South Africa | 22%* | 22,263,619 | 22,573,605 | 0.42 |
| South Korea | 92% | 1,989,631 | 3,814,805 | 0.08 |
| Spain/Portugal | 6% | 22,274,635 | 23,663,783 | 0.42 |
| Sweden | 29% | 178,951,375 | 231,668,646 | 23.91 |
| Switzerland | 13% | 311,590,237 | 353,206,210 | 43.13 |
| UK | 12%* | 1,904,891,092 | 2,044,926,208 | 31.7 |
| USA | 501%* | 53,116,711 | 309,131,263 | 0.97 |
| Rest of world | 5% | 47,487,290 | 49,657,508 | 0.01 |
| Grand Total | 15% | 4,786,772,862 | 5,500,317,789 | 0.76 |

Table 3. Estimated Fairtrade retail sales by countries
(Fairtrade International 2014b, p.19 and World Bank 2014).

Despite the above-stated fact and figures, both the total sales and the growth rates, which remained stable even during and after the crises, Fairtrade sales still do not represent more than one percent of the world commerce in products which are under its scope and for which there are Fairtrade standards (Fairtrade International 2012c, Jaffee 2007, Lyon 2006, Daviron and Ponte 2005, De Pelsmacker et al. 2005, Lewin et al. 2004, Ponte 2004 and MacGillivray 2000). Even the most important Fairtrade products, like Fairtrade coffee, gravitate around these numbers (Jaffee 2007, p.4).

However, in 2004, Roosevelt remarked that "Fair Trade is taking off", due to its impressive growth rate and the potential for introducing new products, even though, in absolute numbers, its market penetration amounted to 0.01 per cent of the total global food trade at the time.

Furthermore, as Murray and Raynolds have stated, the Fairtrade facts and figures and its continual development "cannot be discounted as merely the practices of an obscure and irrelevant group of progressive producers and elite consumers. Fair Trade products represent one of the fastest growing segments of the global food market" (2007, p.3). In addition, the Fairtrade system emerged in response to the negative effects of the contemporary global economic system, seeking to create greater social equity (Murray and Raynolds 2007, Ransom 2001, Raynolds 2000 and others). In itself, this is an equally important and difficult task as maintaining the growth rates and winning a bigger share of the global food market. This point is crucial, given the fact that according to a former Managing Director of Fairtrade International, Luuk Zonneveld, 80 percent of food and agricultural products imported from the developing countries are imported from poor and marginalised producers. Since Fairtrade shares no more than two percent of that market, Fairtrade International can continue to raise questions regarding global trade repeatedly (in Nicholls and Opal 2005, pp.254-255).

There are other Fair Trade certification initiatives and international bodies as well, most notably, the World Fair Trade Organisation (WFTO), the global network of organisations that have Fair Trade as part of their mission, objectives and activities (Fairtrade International and WFTO 2011, p.1). The WFTO is actually a new name for the oldest international Fair Trade umbrella organisation, originally called the International Federation for Alternative Trade or International Fair Trade Association, which was established in 1989 (Moore et al. 2006, p.330).

Its accompanying monitoring system is not based on the standards recognised by the ISO, but on more flexible, "biennial self-assessments, peer reviews and external verification" (Fairtrade International and WFTO 2011, p.1). Furthermore, the WFTO is based on the Fair Trade Organisation Mark, which was created in January 2004, positioned to label organisations rather than products (Nicholls and Opal 2005, pp.8-9). Finally, it is not focused predominantly on food and agriculture, but also on handcrafts, garment, tourism and other business sectors (Ibid., p.141).

Even though initiatives like the WFTO are very important for the Fair Trade movement's development in general¹⁰, they will not be within the scope of my doctoral thesis for the following three reasons. Firstly, the Fair Trade movement as a whole, with all its initiatives is too broad and heterogeneous to be tackled in a single doctoral thesis at the level of analytical coherence aspired to. Secondly, the Fairtrade system is the most prominent part of Fair Trade and the main reason for its global success, since the impact of all other Fair Trade initiatives compared to Fairtrade International's is greatly inferior (Krier 2005). Thirdly, my research interest is primarily in food and agriculture, given the fact that food is the world's most important business and that agriculture is its bedrock (Tansey and Worsley 1995, p.5, 16, see also in Lang 2010). Therefore, progressive changes in these areas can have a profound impact on the world's poorest out of which, more than half are farmers (Fairtrade International 2013a, p.4).

Consequently, my doctoral research will focus on the Fairtrade system, easily recognisable by the FAIRTRADE Mark, which follows a set of strict rules, regulations and its own, combined with the ISO's standards. According to Harriet Lamb, the CEO of Fairtrade International, it has enabled seven million farmers, workers and their families to

¹⁰ There is also a great number of major, non-Fairtrade, sustainable, fair and ethical certification and labelling initiatives like the Forest Stewardship Council, UTZ CERTIFIED, Bonsucro, Rainforest Alliance and many others (Fortin and Richardson 2013 and Cashore et al. 2004). However, they will not be in the focus of my research because they are not a part of the Fairtrade system.

move from income insecurity and poverty to economic self-sufficiency and ownership (2008, p.44). Finally, it is important to point out that my sole focus on the Fairtrade system is not unique in the Fair Trade literature and that other Fair Trade scholars have previously chosen the same area of research (for examples, see in: Doherty et al. 2013, Nelson and Pound 2009, Lamb 2008, Jaffee 2007, Hayes 2006, Schmelzer 2006 and many others).



Figure 1. Fairtrade International's FAIRTRADE Mark for products.

Regarding the structure of the Fairtrade system, three main links in Fairtrade value chains - three referent objects of my doctoral thesis, are easily recognised. The organised, poor and marginalised small-scale producers and hired labour, certified as per relevant Fairtrade standards, who produce Fairtrade products, in countries which are identified as "producer-countries" are the foundation of the system (Fairtrade International and WFTO 2011, p.1) and I will refer to them as "Fairtrade producers" in my doctoral thesis.

Producer-countries are economies which poor and marginalised small-scale farmers and workers are permitted to produce and certify Fairtrade products from primary production (Ibid.). All countries can produce or process Fairtrade products in secondary production, i.e. to produce Fairtrade orange juice from Fairtrade oranges, Fairtrade honey cereals with Fairtrade honey, or Fairtrade chocolate from Fairtrade cocoa and sugar, but only poor and marginalised small-scale producers and workers from producer-countries can produce

Fairtrade oranges, honey and cocoa and be certified according to adequate Fairtrade standards.

Once produced, the Fairtrade products are sold to the Fairtrade certified traders. At present, there are thousands of Fairtrade certified exporters/importers, manufacturers/processors, wholesalers and retailers worldwide (FairValley Farmworkers Association 2015). These companies, which I will refer to throughout my research as "Fairtrade traders" are certified mostly by NFOs¹¹, which are, in turn, members of Fairtrade International.

NFOs are responsible for "...licensing, marketing, business development and awareness raising in a defined geographical area" (Fairtrade International and WFTO 2011, p.1). If there is no NFO, Fairtrade marketing organisations (FMO)¹² and local pro-Fairtrade non-governmental organisations and informal grassroots groups and movements are responsible for promotion of the Fairtrade, and Fairtrade International is responsible for licensing "companies directly to use the FAIRTRADE Certification Mark" (Ibid.).

This system is governed by Fairtrade International, a "...multi-stakeholder, non-profit organisation..." (Ibid.). The system is monitored by FLO-CERT, an independent third-party certification body, which "evaluates Fairtrade certification applications, verifies compliance with the Fairtrade Standards during audits, and decides whether Fairtrade certification can be granted or not. Certificates are issued as proof of successful Fairtrade certification, and as authorization to trade Fairtrade products" (Ibid.).

The end of the supply chain features the third most important part of the system, the sensitised consumers who buy Fairtrade products. I will refer to them as "Fairtrade consumers" throughout.

¹¹ Currently, there are 24 NFOs and two applicant members (Fairtrade International 2015c and Fairtrade International 2012d).

¹² Currently, there are 7 FMOs (Fairtrade International 2015c).

The last two decades of the practical development of the Fair Trade movement in general and the Fairtrade system in particular were followed by the rise of the Fair Trade literature, which is a stream of academic, predominantly empirical literature (Nicholls and Opal 2005, p.23) exploring its benefits, limits and contradictions. Even though this body of work, presented across numerous academic journals, is still relatively limited, a clear differentiation is taking place, parallel with mutually beneficial relation with broader, particularly more theoretical, streams of literature. Indeed, the Fair Trade literature is especially interconnected and borrows a number of theoretical foundations and concepts from the findings of the following three bodies of work.

Firstly, it draws upon the development studies literature focused on the shortfalls of the global economic system in general and international trade in particular, explaining the emergence of Fair Trade (for examples in the Fair Trade literature see in: Lamb 2008, Jaffee 2007, Schmelzer 2006, Nicholls and Opal 2005, Nicholls 2004 and 2002 and others).

Secondly, on the global food system literature, especially informed by Gereffi's global value chain analytical framework (Gereffi et al. 2005 and Gereffi 1994). This is due to the fact that the Fairtrade system trades predominantly with food and agricultural products and that the trade is organised through global value chains with three key links, my referent objects: Fairtrade producers, traders and consumers (for examples in the Fair Trade literature see in: Doherty et al. 2013, Karjalainen and Moxham 2012, Nicholls 2010, Smith 2009, Davies 2009, Raynolds and Wilkinson 2007, Schmelzer 2006, Mair et al. 2006 and others).

Finally, the Fair Trade literature refers to caring across space literature, due to the Fairtrade system's fundamental mission of "re-connecting" producers, traders and consumers (for examples in the Fair Trade literature see in: Watson 2007 and 2006, Popke 2006, Goodman 2004, Castree 2004 and others). I will also use this body of work to explain the Fairtrade system's internal normative and operational logic, which is crucial to demonstrate

the mismatch between Fairtrade system's theoretical foundations and its exclusion practice, which will be explained in detail in chapters II and III.

Finally, the most important academic network supporting the Fair Trade scientific community is the Fair Trade Institute based in Switzerland, which describes itself as "[t]he most comprehensive online collection of Fair Trade publications, where researchers convene for Fair Trade" (2014, p.1). In addition, the International Fair Trade Symposium is the largest regular gatherings of Fair Trade scholars in the world.

1.4. Gaps in Fair Trade Literature - Voices of the Excluded

Due to the relative novelty of the Fair Trade literature, the complexity of the Fairtrade system and the fact that it evolves constantly, there are numerous undiscovered elements and therefore, numerous opportunities to make contributions to knowledge. Some of these unexplored aspects are the three gaps that I found.

Firstly, an unrevealed group that I identified as producer-excluded upper-middle-income economies, which poor and marginalised small-scale agricultural producers have, thus far, not been studied by the Fair Trade literature, and in practice are forbidden from producing Fairtrade products in primary production, and consequently, under a direct threat to become double-losers, expelled from both Fairtrade and non-Fairtrade systems. Secondly, Fairtrade certified traders and consumers of Fairtrade products from the same group that are largely unexplored by the Fair Trade literature as well. Thirdly, the literature does not discuss the potentials of countries from this group for creating national Fairtrade-like systems. Firstly, by equally developing all three Fairtrade aspects - production, trade and consumption, secondly, by connecting their prospective Fairtrade producers with their Fairtrade traders and

consumers and thirdly, the question whether the whole will be greater than the sum of its parts remains completely undiscovered by the same literature.

The Fairtrade system and Fairtrade International claim to have adopted a general *modus operandi* that, firstly, invites all low-income, lower-middle-income and upper-middle-income economies (i.e. developing countries) to join as countries where Fairtrade products are produced in primary production, traded and consumed. Secondly, that the high-income economies (i.e. developed countries) are the countries where Fairtrade products are traded (or processed in secondary production) and consumed.

However, after the closer investigation of Fairtrade International's documentation in general and the Geographical Scope Policy of Producer Certification for Fairtrade International (Fairtrade International 2011b) in particular, it is clear that there are exceptions to this rule and that actually two groups of upper-middle income economies exist in regard to their current relations with the Fairtrade system. On the one hand, forty-four upper-middle-income economies from the Global South, which I have identified as "producer-included" countries, are permitted to both implement Fairtrade primary production, and to trade and consume Fairtrade products. On the other hand, nine European upper-middle income economies, hence, all from the Global North, which I have identified as "producer-excluded" countries, are allowed to have Fairtrade certified traders and consumers of Fairtrade products. However, their poor and marginalised small-scale producers are forbidden from entering the Fairtrade system as primary producers.

The Geographical Scope Policy of Producer Certification for Fairtrade International clearly states: "Fairtrade International's geographical scope encompasses almost all countries in Africa, Latin America and the Caribbean, Oceania, and the poorest countries in Asia... Excluded from Fairtrade International's geographical scope are European Countries (including Eastern European countries and Turkey) and all G8-countries (thus Russian

Federation as an upper-middle income economy)" (Ibid., p.2). In the footnote, an additional explanation is put forward why Turkey, as an Asian, upper-middle income economy is excluded: "Turkey is considered as West Asia according to the UN classification, but is an official candidate for membership to the European Union" (Ibid.).

| Fairtrade producer-included upper-middle-income economies (44 economies) | | |
|---|--------------------|--------------------------------|
| Angola | Gabon | Namibia |
| Algeria | Grenada | Palau |
| American Samoa | Iran, Islamic Rep. | Panama |
| Azerbaijan | Iraq | Paraguay |
| Belize | Jamaica | Peru |
| Botswana | Jordan | South Africa |
| Brazil | Kazakhstan | St. Lucia |
| China | Lebanon | St. Vincent and the Grenadines |
| Colombia | Libya | Suriname |
| Costa Rica | Malaysia | Thailand |
| Cuba | Maldives | Tonga |
| Dominica | Marshall Islands | Tunisia |
| Dominican Republic | Mauritius | Turkmenistan |
| Ecuador | Mexico | Tuvalu |
| Fiji | Mongolia | |

Table 4. Fairtrade producer-included upper-middle-income economies.

| Fairtrade producer-excluded upper-middle-income economies (9 economies) | | |
|--|----------------|---------|
| Albania | Bulgaria | Romania |
| Belarus | Macedonia, FYR | Serbia |
| Bosnia and Herzegovina | Montenegro | Turkey |

Table 5. Fairtrade producer-excluded upper-middle-income economies.

This is especially interesting from the academic point of view, for the following three reasons, which will be further theoretically discussed in chapter II and III. Firstly, this exclusion goes directly against the internal normative and operational logic of the Fair Trade movement in general and the Fairtrade system in particular, which is about inclusion and re-connection.

Secondly, it is also a paradox given the fact that the majority of the Fair Trade literature, when studying Fairtrade producers and primary production of Fairtrade products focuses on the ones coming from the producer-included upper-middle-income economies (for

more evidence see the most comprehensive meta-review of impact studies in the Fair Trade literature Nelson and Pound 2009). This should not come as a surprise when it is known that the country in which Fairtrade production originated was Mexico, an upper-middle-income economy itself, which is, without doubt, the most studied Fairtrade case from the producers' perspective (see more in: Jaffee 2007, Renard 1999 and others). This is also the case because the producer-included upper-middle-income economies are, as a group, the largest producers of Fairtrade products and not the low-income, or lower-middle-income economies (Fairtrade International 2012c).

Finally, what is especially problematic with this exclusion is the main rationale behind it, which is the fact that the producer-included economies are somehow far less developed than the ones who are excluded, according to, for example, Harriet Lamb, the current CEO of Fairtrade International (2008) and Joanna Milis, the education campaigns manager at the Fairtrade Foundation (at the Warwick Fair Trade Fortnight Conference 2012, see also Fairtrade Foundation 2012). A very detailed theoretical discussion of this issue will be put forward in chapters II and III, which will continue through the whole doctoral thesis and here, I will just put forward a few brief points.

If the above-stated WEF's GCR is recalled, problems connected with this understanding can be immediately seen. Out of 35 analysed upper-middle-income economies in 20 above-stated categories, only one ranked worse than Serbia - Algeria. Mexico, for example, scored higher in every single category, directly challenging the dominant understanding in the Fairtrade system. The same is true for Chile, yet another producer-included economy, which is, on top of that, not even an upper-middle-income but a high-income economy. Finally, the best-ranked producer-excluded country is Turkey, which came 8th and the best-ranked EU producer-excluded country, Bulgaria is at 29th place, hence, near the bottom.

| Category | Producer-excluded u-m-i-e | Producer-included u-m-i-e | Producer-included h-i-e |
|--|------------------------------|------------------------------|----------------------------|
| | Serbia (/144) | Mexico (/144) | Chile (/144) |
| 1. Ethical behaviour of firms | 132 | 76 | 24 |
| 2. Cooperation in labour-employer relation | 139 | 47 | 39 |
| 3. State of cluster development | 133 | 35 | 27 |
| 4. Local supplier quantity | 110 | 42 | 61 |
| 5. Local supplier quality | 113 | 37 | 45 |
| 6. Affordability of financial services | 100 | 66 | 21 |
| 7. Ease of access to loans | 105 | 82 | 21 |
| 8. Buyer sophistication | 138 | 50 | 28 |
| 9. Agricultural policy costs | 119 | 123 | 14 |
| 10. Favouritism in decisions of government officials | 132 | 73 | 21 |
| 11. Burden of government regulation | 136 | 97 | 32 |
| 12. Quality of overall infrastructure | 120 | 65 | 31 |
| 13. Quality of roads | 122 | 50 | 23 |
| 14. Quality of the educational system | 111 | 100 | 91 |
| 15. Brain drain | 141 | 54 | 14 |
| 16. Intensity of local competition | 137 | 75 | 39 |
| 17. Extent of market dominance | 142 | 113 | 112 |
| 18. Property rights | 130 | 71 | 37 |
| 19. Efficiency of legal framework in settling disputes | 138 | 100 | 23 |
| 20. Nature of competitive advantage | 134 | 70 | 114 |

Table 6. WEF's GCR comparison of Fairtrade producer-excluded economy - Serbia (red) and producer-included economies - Mexico and Chile (green) (2013, pp.136, 257, 313).

| Ranking | Country | Mean ranking in 20 categories (/144) |
|---------|--------------------|--------------------------------------|
| 1. | Malaysia | 19.75 |
| 2. | China | 41.75 |
| 3. | Mauritius | 48.1 |
| 4. | Jordan | 49.5 |
| 5. | Panama | 54.5 |
| 6. | Costa Rica | 57.1 |
| 7. | Thailand | 57.5 |
| 8. | Turkey | 57.55 |
| 9. | South Africa | 60.35 |
| 10. | Botswana | 63.9 |
| 11. | Brazil | 65.75 |
| 12. | Azerbaijan | 67.65 |
| 13. | Montenegro | 69 |
| 14. | Mexico | 71.3 |
| 15. | Namibia | 75.85 |
| 16. | Lebanon | 77.5 |
| 17. | Peru | 79.4 |
| 18. | Jamaica | 84.3 |
| 19. | Kazakhstan | 84.3 |
| 20. | Colombia | 85.6 |
| 21. | Iran, Islamic Rep. | 87.25 |
| 22. | Dominican Republic | 90.7 |
| 23. | Albania | 93.1 |
| 24. | Suriname | 95.45 |
| 25. | Ecuador | 96.15 |
| 26. | Gabon | 96.8 |
| 27. | Paraguay | 97.75 |

| | | |
|-----|------------------------|--------|
| 28. | Macedonia, FYR | 97.95 |
| 29. | Bulgaria | 104.3 |
| 30. | Libya | 108.05 |
| 31. | Bosnia and Herzegovina | 114.4 |
| 32. | Mongolia | 114.5 |
| 33. | Romania | 114.6 |
| 34. | Serbia | 126.6 |
| 35. | Algeria | 132.45 |

Table 7. Ranking of all upper-middle-income economies covered by the WEF's GCR in 20 categories - Fairtrade producer-included (green) and producer-excluded (red) economies (2013).

Although WEF's GCR has a strong developmental and business focus important for my doctoral thesis, which is particularly represented in the above-stated 20 categories, it is certainly not the only indicator. However, similar situation can be observed when other categorisations are taken into account. Given the fact that a detailed discussion will be put forward, firstly, in chapters II and III and then through my whole doctoral thesis, I will now just put forward two additional points. According to UNDP's Human Development Report, Serbia ranks 77th, while Mexico is 71st and Chile is 41st (UNDP 2015) and secondly, unlike Serbia, Mexico and Chile are members of the Organisation for Economic Co-operation and Development's from 1994 and 2010 onwards, respectively (2015). This is yet another argument for Serbia's repositioning and for a more updated view on the differences between developing countries (for another debate regarding developmental differences between developing countries see: Heron 2014).

The second gap in the Fair Trade literature that I have identified derives from the fact that just a handful academic research were conducted in these nine producer-excluded upper-middle income economies related to, firstly, their Fairtrade trading and consuming potentials and, in countries where Fairtrade sales are at least partially present, focused on their Fairtrade traders and Fairtrade consumers. This gap is directly connected to a great imbalance in the Fair Trade literature which is almost solely, with a few notable exceptions (for examples, see in: Ariztia et al. 2012), focused on Fairtrade traders and consumers coming from the high-income economies from the Global North (for examples, see in: Lamb 2008, Lyon 2006,

Micheletti 2003, Shaw and Shiu 2002 and others). Therefore, the Fairtrade traders and consumers in low-income, lower-middle-income and upper-middle-income economies, i.e. from the Global South and upper-middle-income economies of the Global North are almost completely ignored (also indicated by Jaffee 2007 and Nicholls and Opal 2005).

In the case of Serbia, which is at the centre of my research interest, to my knowledge, thus far, I am the only one who has published peer reviewed academic works related to the Fair Trade movement, the Fairtrade system and Serbia (Brkovic 2013a). However, apart from my academic paper and a blog entry that I have written (Brkovic 2012), work on Fair Trade and Serbia is scarce. It includes, firstly, two master's theses, one by Branislav Nesovic (2013) and the second by Jelena Paunovic (2014) with both authors conducting informal interviews with me during their research and two web articles, one published by Samuel Poos (2013) and the second by Bozica Lukovic (2014), and for both, I gave formal interviews regarding Fair Trade and Serbia.

Finally, the third gap which I identified, logically derives from the previous two and that is the lack of research about the possibilities of holistically looking on Fairtrade production, trade and consumption in one country. To my knowledge, currently, there is not a single academic study solely focused on this topic in general, nor on any of the producer-excluded upper-middle-income economies, including Serbia in particular. It is important not to consider as suitable alternatives, also rare works which, although looking at the Fair Trade movement and the Fairtrade system holistically - from producers, traders and consumers' perspectives (Lamb 2008, Murray and Raynolds 2007 and Nicholls and Opal 2005), see them on the global level and do not tackle the idea of national Fairtrade-like systems.

Therefore, my aim is to start to bridge these gaps by focusing my research on one producer-excluded upper-middle income economy - Serbia. I aim to present the most in-depth analysis ever conducted in any of the nine producer-excluded upper-middle income

economies about its full Fairtrade potentials with the original primary data collected about all three prospective and current Fairtrade referent objects: Fairtrade producers, traders and consumers. Hence, I am interested in exploring possibilities for the Fairtrade system's change from its current focus, which is almost exclusively on connecting Fairtrade producers from the Global South and Fairtrade traders and consumers from the Global North. By doing that, I will introduce new, current and future Fairtrade producers, traders and consumers coming from Serbia into the Fair Trade literature, thus laying a foundation for the change of discourse which may lead in practice to their stronger inclusion in the Fairtrade system.

Following Gerring's advice that "[n]o case study research should be allowed to conclude without at least a nod to how one's case might be situated in a broader universe of cases" (2007, p.85), my research on Serbia is envisaged, above all, as a starting point for following future research. Firstly, on other producer-excluded upper-middle-income economies' full Fairtrade potentials and secondly, on other producer-included upper-middle-income economies, especially about their capacities to be, besides Fairtrade producers, also Fairtrade traders and consumers.

Consequently, the greater integration of all upper-middle-income economies may in practice lead to the creation of a more global Fairtrade system and in this envisioned state, firstly, the poor and marginalised small-scale producers and workers from underdeveloped regions of nine excluded upper-middle-income economies will gain a new perspective to develop and thrive by being included in the Fairtrade system more strongly. Secondly, more poor and marginalised small-scale producers and workers from other regions of the world (coming from all developing, and in future, even from all developed countries as well) will gain additional and stronger access to new markets of upper-middle-income economies, once discrimination of their producers ceases. In this foreseen state, the Fairtrade system will make another step towards moving "beyond its origins as a social movement defined by

organizations in the Global North to assist disadvantaged producers in the Global South to become a truly Global movement..." (Murray and Raynolds 2007, p.13).

How important these topics are and especially will be in the future, will be discussed through my whole doctoral thesis. However, I will now put forward two anecdotes from two meetings that I had during the last International Fair Trade Symposium in Milan in May 2015.

After one of my presentations, which argued why Fairtrade production should be allowed in the Global North, one of the highest ranking Fairtrade practitioners, with whom I already had discussions on this issue, approached me and told me that I should really stop lobbying and advocating for this matter. When I asked why, she responded, because I am getting good at it and since this is not in line how she sees the future development of the Fairtrade system. In addition, at the same conference, another high ranking Fairtrade practitioner approached me and said that although my understanding of the necessity for Fairtrade production in the Global North is yet far from a general view in the Fairtrade system, there are more and more people, including himself, who are in favour of this idea.

I put forward these two anecdotes, firstly, to point out that according to some of the highest ranking Fairtrade practitioners, these questions are going to be in the future practical focus of the Fairtrade system due to the numerous positive advancements it can bring, which will be discussed throughout my doctoral thesis. Secondly, to point out that currently in academia, this turn of the tide is not recognised and that further debates in the Fair Trade literature are needed. A contribution to them is my doctoral thesis.

1.5. Research Questions and Contributions to Fair Trade Literature

Following the brief discussion about the Fair Trade movement, the Fairtrade system, the Fair Trade literature and the gaps in that literature, I will now present my underlying research question, which will encompass and lead the whole discussion in my doctoral thesis and from which derive three attendant questions, each directly corresponding to one of the gaps in the literature. By answering them, I aim to make four contributions to knowledge.

In order to bridge the three above-identified gaps in the Fair Trade literature, my research is posing the following underlying research question: "To what extent can Serbia, as one of the producer-excluded upper-middle-income economies, partake in the Fairtrade system in the future, as a country where Fairtrade products are produced, traded and consumed?" From it, I will derive three attendant research questions in order for me to be able to break down my complex research puzzle to more manageable parts. Hence, by answering all three of them, I will consequently answer the main research question as well.

The first attendant research question is: "To what extent can Serbian poor and marginalised small-scale producers, currently excluded from the Fairtrade system partake in that system?" This question corresponds to the first gap in the Fair Trade literature concerning Serbian poor and marginalised small-scale producers, who are today under a direct threat of becoming double-losers, and who were, thus far, unstudied by the Fair Trade literature.

The second attendant research question is: "What is the current situation and what are the potentials for further development of Serbian Fairtrade trade and consumption?" This question is connected with the next gap in the Fair Trade literature identifying insufficient academic research in these nine producer-excluded upper-middle income economies related

to their Fairtrade trading and consuming potentials and their Fairtrade traders and consumers of Fairtrade products.

Finally, the third attendant research question is: "To what extent it is possible to establish a national Fairtrade-like system in Serbia and in that case, is the whole greater than the sum of its parts?" This question corresponds to the final gap, identifying that there is not a single academic study solely focused on this topic in general and particularly in one of the producer-excluded upper-middle-income economies.

By answering the three attendant questions and consequently, the underlying research question, I aim to make the following four contributions to the Fair Trade literature. Firstly, I aim to "examine a new topic", which was not discussed in this way previously in the Fair Trade literature. I aim to do so by identifying the producer-excluded group of upper-middle-income economies consisting of nine European countries and studying one of them - Serbia.

Secondly, I seek for "new primary data", since I will be the first Fair Trade scholar who will conduct an academic field research about Serbia's full Fairtrade potentials, focusing on the capital - Belgrade and two underdeveloped regions in South Serbia - Jablanica and Peinja districts.

In addition, I plan to present "an innovative comparison", hitherto unseen in the Fair Trade literature, by comparatively employing two illustrative case studies, Mexico and the UK, the former being the Fairtrade producers' and the later being the Fairtrade traders' and consumers' global champion as the lesson-drawing base for my main case study, Serbia. Also, my research can be a base for the future use of these two illustrative case studies when researching, firstly, other producer-excluded upper-middle-income economies and secondly, other upper-middle-income economies in general.

Finally, I aim to put forward "disconfirmatory empirics" by questioning the current Fairtrade system's praxis. I aim to do that, firstly, by exploring the possibilities for the

development of Fairtrade production in producer-excluded upper-middle-income economies, with a focus on Serbia, and secondly, by exploring the possibilities of creating a national Fairtrade-like system, again focusing on Serbia.

Throughout my whole doctoral thesis, the discussion will lead up to making these four contributions. The final debate, however, regarding all of them and especially the second contribution - seeking new primary data, and the fourth contribution - putting forward disconfirmatory empirics, will be presented in extensive chapters VII and VIII, which are focused solely on the future of Fairtrade in Serbia. That being said, the important foundations of examining a new topic, and the presentation of an innovative comparison, will be laid in chapters II and III and chapters IV - VI respectively.

Therefore, the examination of a new topic, new primary data collection, an innovative comparison and the presentation of disconfirmatory empirics will be my four contributions to knowledge that I aim to make.

1.6. Thesis Structure

Following the Introduction, the rest of the thesis will be divided into two major analytical parts, theoretical and empirical. The first consists of chapters II and III which will present the literature review and theoretical framework of my doctoral thesis, reviewing and critically analysing Fair Trade literature, especially those titles which are based on research coming from the development studies, the global food system and the caring across space bodies of work. These chapter will examine the issues outlined above in a new light. Furthermore, before I move to the empirical part of my thesis, I will identify, outline and explain the methodological choices of my doctoral research in methodological Chapter IV, in

which the foundation for my third contribution to the literature regarding my innovative comparison will be put forward as well.

Following the successful presentation of the arguments that Fairtrade production, trade and consumption is, "in theory", possible in producer-excluded upper-middle income economies and is in line with the Fairtrade system's *modus operandi*, the empirical part of my doctoral thesis - chapters V, VI and especially VII and VIII, which are focused solely on Serbia, aims to show that this is possible "in practice" as well.

In chapters VII and VIII, I will base my conclusions on my field research in Serbia, which is founded on four lessons learned from the Mexican and the UK illustrative case studies. Two lessons drawn from Mexico about who is a Fairtrade producer and what are the benefits of being a Fairtrade producers will be further discussed in Chapter V. Moreover, two further lessons drawn from the UK about Fairtrade mainstreaming through supermarkets and Fairtrade consumption and campaigning will be further discussed in Chapter VI.

This analysis will be undertaken in order to demonstrate that the structure of prospective Serbian Fairtrade production, as well as current and future Fairtrade trade and consumption enables future Fairtrade developments. Hence, as already stated, chapters VII and VIII will give full answers to the attendant and underlying research questions allowing me to make all four above-mentioned contributions to the literature. The final, Chapter IX is the overall conclusion of my doctoral thesis.

Therefore, my PhD dissertation will be the first to show the possibility of incorporating one of the countries from the group of the producer-excluded upper-middle-income countries - Serbia into the Fairtrade system on both sides of the value chain exchange relation and consequently, the possibility to extend Fairtrade structures within a particular country, in order to create a national Fairtrade-like system.

1.7. Concluding Remarks

Following the introduction of the main focus of my study, my research questions, gaps in the Fair Trade literature and the contributions that I am to make, I will conclude the Introduction by noting that even though, through my research, I found numerous positive aspects of the Fairtrade system, I will fully follow the positions of some of the globally most esteemed Fair Trade researchers. Among them, I will put forward Professor Marie-Christine Renard at *Universidad Autónoma Chapingo* (Renard 1999), with whom I had a pleasure to conduct an interview (2013), Professors Douglas Murray and Laura Raynolds at Colorado State University (Murray and Raynolds 2007 and 2000, Raynolds and Murray 1998) and Windsor Professor Lynne Phillips (2006). I will also be wise enough, as they were, not to point to the Fairtrade system as the panacea for all developmental issues, or as the only or necessary principal way forward on the humankind's quest to eradicate global poverty and inequality.

However, I agree with them that "there are glimmerings of hope" (Phillips 2006, p.43) that these efforts can raise incomes, reduce inequality and improve the quality of life for poor and marginalised small-scale producers and workers around the world and influence the contemporary global economic system. Therefore, in the following chapters, I will try to find out to what extent these glimmerings of hope can illuminate the path of development in one of the producer-excluded upper-middle-income economies, Serbia, and for its prospective Fairtrade producers and current and future Fairtrade traders and consumers.

CHAPTER II - FAIRTRADE SYSTEM IN THEORY

In the theoretical part of my doctoral dissertation - in chapters II and III focused on literature review and on my theoretical framework, I will continue and further develop some of the discussions already started in the Introduction. In this way, I aim to set the theoretical foundations, firstly, for making the contribution to knowledge regarding the examination of a new topic, but also in more general terms, for empirical analyses which will lead to the making of all of my contributions to knowledge. Before I start, I will just point out that my theoretical discussion is divided into two chapters in order for it to be easier to read.

Therefore, in the first, Chapter II, I will review Fair Trade literature, especially titles which are also founded on research coming from the development studies, the global food system and the caring across space bodies of work. By doing so, I will show why and how the Fairtrade system emerged and argue why I am seeing it as a trade initiative that exists together with and in order to change the market, interconnected with global economic and food systems, but based on a particular, relational type of value chain governance and founded on care across geographical, economic and social spaces.

2.1. Shortfalls of and Answers to "Inclusive" Neoliberalism

The end of the 20th and the beginning of the 21st century witnessed a shift from the pure Washington Consensus¹³ type of neoliberalism¹⁴, to a seemingly softer, "more inclusive liberalism" (Schmelzer 2006, Porter and Craig 2004, Hart 2001 and others). This "revisionist"

¹³ Washington Consensus refers to a set of policy reforms based on ten principles: 1) fiscal discipline, 2) reducing public expenditure, 3) lowering marginal rates and broadening the tax base, 4) interest rates liberalisation, 5) competitive exchange rates, 6) trade liberalisation, 7) encouraging foreign direct investment, 8) deregulation, 9) securing property rights and 10) encouraging privatisation, imposed on debtor countries in Latin America, which became the Neoliberal Manifesto (Peet in Brkovic 2009).

¹⁴ In line with Cerny (2010, p.156), I also see neoliberalism not as a monolithic creed, but as a continually evolving doctrine.

or "inclusive" neoliberalism is characterised by the usage of a more open and empowering discourse, with the focus on notions such as: "market 'opportunity', 'empowerment', social and economic 'inclusion', 'social capital', 'civil society' and 'partnership'" (Schmelzer 2006, p.38). However, according to the same author, one of the main shortfalls of the inclusive neoliberalism is its similarity to its predecessor, especially given the fact that it still enables "processes of immense social and environmental destruction" (Ibid.).

This is, firstly, due to the fact that the central goals of development for both previous and current neoliberal phases did not change, still promulgating economic growth and trade liberalisation as stated in Peet's famous book "Unholy Trinity: The IMF, World Bank and WTO" (2003). According to Fairtrade supporters, the "inclusive" version, even though viewed as more all-embracing, is actually far from being in line with, for example, the Fair Trade researchers' theoretical and the Fairtrade system's practical notions of inclusiveness and sustainable economic, political, social and environmental development (Jaffee 2007 and Schmelzer 2006). According to them, this is due to the fact that their aims and outcomes are significantly different since they recognise other aspects of development as equally important (Ibid.).

In particular, they are putting forward the UNDP's human development defined as "a process of enlarging people's choices" (1990, p.1), Nobel laureate Amartya Sen's points connected with the removal of major sources of unfreedom (1999, p.3) and finally, the recognition of "external" costs and strive toward sustainable development (O'Kane 2012, Jaffee 2007 and Schmelzer 2006). Therefore, according to Schmelzer, the Fair Trade movement in general and the Fairtrade system in particular are false friends of the inclusive neoliberalism and in fact, the standard-bearers of the third group of its challengers (2006).

Secondly, it is due to the fact that in the case of many developing countries, numerous previous and current neoliberal assumptions simply do not correspond to reality. According to Nicholls and Opal (2005, pp.18-19), the following key presumptions are absent.

Poor and marginalised agricultural producers and workers from developing countries do not have direct market access and they often have to rely on middlemen. They frequently do not have any information about market prices, because they lack access to knowledge. They do not have access to financial markets and because of that, they are completely exposed to the world price fluctuations, without any insurance policies or ability to take loans, because the rural banks are either non-existent or inadequate.

Furthermore, unlike the presumptions of the neoliberal theoretical models, where actors can switch easily from one income-generating activity to another, their poor and marginalised agricultural producers and workers are unable to do so (Ibid.). For example, when researching small-scale producers from Mexico, Weinberger and Lumpkin (2007) put forward evidence that they cannot shift from their coffee production to horticulture, even when the conditions in the market are favourable due to numerous practical limitations (see also in Smith 2009).

Moreover, Stiglitz and Charlton are pointing out that the argumentation that the trade liberalisation will allow resources "to be redeployed from low-productivity protected sectors into high-productivity export sectors" (2007, p.25) is inapplicable in many developing countries because it assumes that resources were fully employed in the first place, whereas in most developing countries that is not the case (Ibid.). In addition, a number of developing countries suffer from weak legal systems and enforcement of laws, far from the night-watchmen state's ideal of the neoliberal theory (Nicholls and Opal 2005, p.18-19).

Finally, the opening up to trade changes the distribution of income, creating winners and losers and according to Lamb (2008) the biggest losers are routinely poor and

marginalised small-scale producers and workers in developing countries. Belgrade Professor Dragica Bozic and her colleagues recognised comparable inconsistencies between theory and praxis in the case of Serbia as well, and are in line with Lamb's final point (Bozic et al. 2011).

| Neoliberal theoretical presumptions | Challenges identified in developing countries |
|---|--|
| 1. Direct market access | Trade through middlemen |
| 2. Access to market price information | Lack of access both to knowledge and information |
| 3. Access to financial markets | Lack of credits and insurance |
| 4. Easy switch between income-generating activities | Difficulties related to switching |
| 5. Easy resource redeployment | Only partial initial resource employment |
| 6. Night-watchmen state | Weak legal systems and law enforcement |

Table 8. Practical challenges to key neoliberal presumptions identified in developing countries (Smith 2009, Stiglitz and Charlton 2007 and Nicholls and Opal 2005).

Due to all above-stated issues, according to the literature, three theoretical and practical contestants of the inclusive neoliberalism emerged (Smith 2009 and Schmelzer 2006). Firstly, there are practitioners and academics asking for the return of the "good old" Washington Consensus neoliberalism emphasising "merits of market governance generated through liberalisation" (Smith 2009, p.7, see also in Winters 2003). Quite oppositely, the second tendency goes towards introduction of policies and building academic support for stronger governmental involvement and protectionism in order to "govern the market" (see also in Smith 2009, Stiglitz and Charlton 2005 and Chang and Grabel 2004). Finally, the third answer to and the challenger of the current phase of neoliberalism is private governance, which can, according to their practical and theoretical supporters lead to fairer global economic system and international trade (see more in Hartlieb and Jones 2009, Low and Davenport 2006 and Schmelzer 2006).

| Challengers of inclusive neoliberalism | Asking for: |
|---|--|
| 1. Washington Consensus neoliberalism advocates | Market governance through further liberalisation |
| 2. Governmental involvement proponents | Stronger governmental market involvement |
| 3. Private (first- and third-party) governance supporters | Monitored certification systems |

Table 9. Challengers of inclusive neoliberalism (Smith 2009, Schmelzer 2006 and others).

Private Governance

According to Giovannucci and Ponte (2005), one of the crucial reasons for the emergence of the private governance as one of the answers is the novel strategy of the civil society in general and noncorporate private actors (especially campaigner groups) in particular. Informed by the media and the Internet about unethical economic practices worldwide (Nicholls and Opal 2005), but also realising that their initiatives targeting national governments and international institutions did not deliver expected results, they started targeting business directly (Hartlieb and Jones 2009, Low and Davenport 2006 and Bartley 2003). "Since the nineties these campaigns have become high profile, accusing and challenging multinationals on environmental destruction, human right abuses or the exploitation of workers" (Hartlieb and Jones 2009, p.592). However, there was a twist, since, instead of pure confrontation, "third-wave environmentalists" changed their philosophy adopting pragmatic, solutions-oriented approaches (Ibid.).

This led to private governance, which, although it always had to be accredited by the government (Raynolds and Wilkinson 2007, pp.38-39), manifested itself through numerous private and semi-public certification and labelling initiatives whose core activity consists of "...operating' an assurance system on the completion of which the awarding of the label is based" (Hartlieb and Jones 2009, p.594). During the last decade, they grown and evolved rapidly, promising legitimacy and credibility (Gereffi et al. 2009), and now two distinct streams can be identified.

The first one emerged through corporate-led and retailer-driven self-regulatory first-party certification systems. This was due to the decrease in state and increase in corporate power and because of the pressures from the civil society (Giovannucci and Ponte 2005). The big food companies and supermarkets were among the first to react. "They engaged in self-

regulation measures, such as corporate codes of conduct or industrywide standards... A new discourse of 'enlightened business' and the 'business case' of a proactive stance towards responsible business behaviour also appeared" (Bendell in Hartlieb and Jones 2009, p.592). Some of the examples are the Common Code for the Coffee Community, EurepGAP or Ethical Trade Initiative (Smith and Barrientos 2005, p.194).

However, there is a number of intrinsic shortfalls of the first-party certification identified by numerous scholars. According to Karjalainen and Moxham (2012), Hartlieb and Jones (2009), Raynolds and Wilkinson (2007), Utting (2005), Haufler (2003) and Auroi (2003), the key problem is that the private, self-regulatory initiatives and first-party certification lack accountability to external actors because businesses conduct both the standard setting and the standard monitoring processes. In addition, Karjalainen and Moxham (2012) and Auroi (2003) found that the codes of conducts are often very limited, focusing only on one aspect of sustainability, for example, human or labour rights, environment, health or safety conditions. Finally, their organisational or developmental support is inferior to most third-party certification schemes (Mutersbaugh 2005a). Therefore, "these initiatives were thus often strongly criticised by NGOs for being nothing more than 'window-dressing' or attempts to pre-empt mandatory regulation" (Hartlieb and Jones 2009, p.592, see also in: Utting 2005 and Haufler 2003).

Therefore, the second stream of private governance - the third-party certification gained momentum, inspired by even stronger pressures from noncorporate, non-industry, nonstate coordinating bodies and their even higher economic, political, social and environmental goals. Among numerous third-party based certifiers, according to its supporters, one of the most influential practical initiatives today is the Fairtrade system.

Third-party Certification

Many authors identified the third-party certification in general and the Fairtrade system in particular as the way forward (Hartlieb and Jones 2009, Schmelzer 2006, Brown 2005, Mutersbaugh 2005b, Auroi 2003 and others). Mutersbaugh stated that as a "semi-public" space, it is superior to "fully private" schemes, offering more potential for influence, accountability, transparency, organisational and developmental support (2005b). Auroi stated that, contrary to the narrow focus of the private codes of conduct, the Fairtrade system offers a far broader and, arguably, more comprehensive set of benefits (2003). In addition, from 2012 the Fairtrade system is jointly led by Southern Fairtrade producers and Northern Fairtrade traders and consumers. Hence, unlike in any other private and most third-party certification schemes, the producers have an incomparable power to influence all standard setting processes according to two top Fairtrade practitioners, the first chair of the Fairtrade Foundation's National Campaigner Committee, Susan Bentley (2013, interview) and a stakeholder and policy manager at the Fairtrade *Max Havelaar* Belgium, Karlien Wouters (2013, interview).

However, even with the third-party certification, there are certain inherent limitations as well. According to Schmelzer, "Fair Trade certification and the general trend towards private standards are not intrinsically good or bad" (2006, p.39), since they are neither completely developed, nor carved in stone (Renard 2013, interview). Secondly, both streams of private governance can be criticised for moving power and authority to business or civil society actors which are equally unaccountable (Utting 2005). Finally, the problem with certification and labelling is that they are "market-based tool[s] which turns ethical qualities into a [mere] product characteristic" (Hartlieb and Jones 2009, p.583). However, it is also fair to point out that according to the same authors, labelling proponents engage in additional

activities, above all in campaigning, education, capacity building and lobbying (Ibid., p.594), hence, giving a voice to the labels. Secondly, many of them are voices in the market themselves (Schoenheit 2007), since they turn "private concerns into a public statement" (Hartlieb and Jones 2009, p.586).

The Fairtrade system evolved from this milieu and became a practical challenger of the present-day economic practices based on the contemporary phase of neoliberalism. However, with its emergence, the question how far it actually goes in its critique immediately came to the fore in the form of the famous "in or against the market" dilemma which will be discussed next.

"In or Against" or "Existing Together With and in Order to Change" the Market?

The "in or against the market" debate is probably one of the oldest in the Fair Trade literature and in its initial form it already started in mid-1980s according to Low and Davenport (2006, p.321). It was formulated by a Fair Trade doyen, Michael Barratt Brown (1993) and it is connected with the second of the two core contributions that the Fairtrade system aims to achieve. The first, straightforward, to benefit poor and marginalised producers and the second, more controversial, to influence the current global economic system, international trade, agro-food business and mainstream market (Schmelzer 2006, p.26).

In order to discuss this issue, I will firstly analyse two critiques - neoliberal and radical - which see the Fairtrade system's market practices as either incompatible or fully co-opted, as well as the Fair Trade literature's answers to them. Secondly, I will analyse this problem by putting forward four arguments linked to questions of growth, mainstreaming, value chain governance and free vs. fair trade debate, showing that in or against the market perspectives are too exclusive. Summing up these discussions, I will put forward arguments

for an original position that the Fairtrade system is neither in, nor against the market, but that it "exists together with and in order to change it".

Neoliberal and Radical Critiques of the Fairtrade System

The first critique starts with the Adam Smith Institute's claims that the Fairtrade system promotes and implements nothing but another type of farm subsidies, which will lead to oversupply and lower prices in the non-Fair Trade market (Sidwell 2008). Furthermore, in line with this point are LeClair (2002) and Maseland and de Vaal (2002), who stated, basing their analysis on philanthropy and international trade theories, that its market inefficiency (distortion and/or over-production) may reduce income of other, even poorer households, due to the lower prices on non-Fair Trade markets. In addition, the Cato Institute stated that the Fairtrade minimum price structure is faulty because it is driven by humanitarian reasons, thus failing to obey the rational rules of the market (Lindsey 2004).

Nobel laureate Joseph Stiglitz (2006) and Nicholls and Opal (2005) retort that the market price already constitutes a distortion in itself, given the fact that it is, more often than not, blurred by speculations and subsidies. On the other side, the Fairtrade system is a completely consumer-driven movement, hence, removed from the control of any government agency responsible for introducing agricultural subsidies (Stiglitz 2006 and Nicholls and Opal 2005), which are widely present in the developed, "pro-free trade" economies.

Furthermore, one of the pillars of the contemporary economic system and an unlikely ally, the World Bank, also claimed that the Fairtrade system has positive effects for both Fairtrade and non-Fairtrade markets (Ronchi 2006), which is in line with the findings from the above-mentioned Nelson and Pound's meta-review (2009, p.25).

Hayes also states that "from the perspective of economic theory based on competitive supply and demand but informed by Keynes, fair trade improves welfare mainly by strengthening competition for the labor of households and eliminating monopsony rents, and that there are no grounds for any a priori claim that fair trade necessarily distorts competition and promotes inefficiency" (2006, p.450). He also concludes by saying that "[f]air trade is indeed an essential complement for any free trade policy that includes a genuine concern for the welfare of the poor" (Ibid., p.466).

This last point is, at the same time, a good introduction to the critiques coming from radical perspectives (see more in: Lyon 2006, Jones 2004, Starr and Adams 2003, Johnston 2002, Shreck 2002 and others). They point out that the current and future overall contributions of the Fairtrade system are intrinsically insufficient, that it is, to a large extent, nothing more than an inadequate neoliberal solution to problems with trade and that due to its support to overconsumption it is unsustainable. In short, they are all asking the same question as Moore and his colleagues did, i.e. if a preponderant paradigm "can ever be changed from within or whether this requires an external, and potentially revolutionary, rather than evolutionary, approach" (Moore et al. 2006, p.348).

Certainly, there are inherent limitations to the Fairtrade system, which are recognised even by its strongest academic supporters and, as I have already stated, the Fairtrade system cannot be seen as an answer to all trade problems. Even though it "can help many marginalised producers and greatly contribute to the process of improving trade justice... it cannot address alone the structural issues in world trade generally" (Nicholls and Opal 2005, p.254). Zonneveld continues: "One of the challenges... is to understand where the development needs and potential lie and where the market needs and potential lie... Not everything that the market asks to sell as Fair Trade could make a difference without impossibly expensive investments. There are lots of poor producers that should have the right

to a much better life, but maybe Fair Trade is not the adequate answer to it" (in Nicholls and Opal 2005, p.254-255).

However, Nicholls and Opal stated that once Fairtrade's share becomes the majority of a market, there is a possibility for the whole industry to move to become Fairtrade and not the other way around. At that point "the Fair Trade concept effectively becomes irrelevant, because other mechanisms would most likely be put into place that would effectively replace it, namely legislation or industry codes of conduct. This must be the curious ultimate commercial goal of Fair Trade - to put itself out of business" (Ibid., p.255). Jaffee concludes that before this utopian end, the ultimate Fairtrade system's power lies not so much in its current, nor even its future size, but in the alternative model of organising economic exchange it provides, demonstrating that there is a possibility for "another, better way to trade" (2007, p.9). This directly challenges the radical critics in their claims that it is just another mainstream neoliberal solution.

Finally, the Fairtrade system cannot reduce global consumption, and shopping is still seen as the main solution of global trade problems even from the Fairtrade system's perspective (Low and Davenport 2006, p.325, see also in Davidson 2004). However, many Fairtrade traders, such as the Divine Chocolate, for example, although rapidly developing, still aim to remain pure and not to blindly follow "the carrot of volume" (Moore et al. 2006, p.346). In addition, Fairtrade consumers are not drawn to the Fairtrade system in order to consume for the sake of consumption (Ibid., p.333) and are not driven by "wanting to want" (Dolan 2002, p.175), due to the fact that, according to its supporters, the Fairtrade system's essence is not insatiability, but sustainability (Jaffee 2007 and Schmelzer 2006).

Now that the critiques which see the Fairtrade system as predominantly in or against the market and the answers coming from the Fair Trade literature are presented, I will firstly follow Doherty and his colleagues' call for academia to "move beyond the pragmatic versus

radical debate and explore alternatives" (2013, p.179). Secondly, I will continue from Schmelzer's conclusions that "in or against the market" visions are "both too extreme and one sided... [since] ...[t]he reality of Fair Trade lies somewhere in between" (2006, p.15).

I will do so by asking a question what if these internal contradictions of being a business as well as a campaign that operates "in and against the market" (Barratt Brown 1993, p.87) was not looked upon as a problem, but as an advantage. What if the "inherent contradiction of the model" (Renard 2003, p.91) is actually its inner strength? Therefore, I will put forward my original suggestion that the Fairtrade system exists together with the market but also that it exists in order to change it, which is one of its two most important *raison d'être*.

Existing Together With and in Order to Change the Market

The base for my understanding of the Fairtrade system's relation to the market comes from the following authors. Murray and Raynolds, who see it, at the same time, as an avant-garde, a mainstream niche, an alternative network, an initiative and a social movement (2007, p.36). Lamb who said that "...Fairtrade works in the market. It has to. There is no other option to hand today" (2008, p.130). However, it "takes the rules of the marketplace and turns them on their head" Ibid.). Daniel Jaffee, one of the most prominent research on Fairtrade globally, who perceives it as a "hybrid - simultaneously a social movement and an alternative market structure" (2007, p.1). Finally, from Renard who stated that the radical component of the Fairtrade system is its ability to be a "tool for modifying the dominant economic model" (2003, p.91) and Moore and his colleagues who pointed out that it aims to achieve a global economic system with a more social end (Moore et al. 2006, p.331).

From these starting points, I see it as existing together with and in order to change the market, firstly, due to the fact that the growth is a necessity for any big agro-food business initiative in order to survive in the medium and long run according to Geoff Tansey, one of the top global experts on food and his book "The Food System" written in co-authorship with Worsley, which is still regarded as one of the most influential global food textbooks (1995). Together with Rajotte, Tansey strengthens this point in a new, co-edited book "The Future Control of Food" (2008). Consequently, the Fairtrade system, in order to develop and thrive in the long run, has to work with the market (Low and Davenport 2006, p.316), a point also confirmed by a number of my interviewees (Bentley 2013, interview, Wouters 2013, interview, Kosanovic 2013, interview and others).

Connected with this point are two lessons deriving from my UK case study regarding Fairtrade mainstreaming through supermarkets and Fairtrade consumption and campaigning, which will be further discussed in Chapter VI. At present, I will just point out that the Fairtrade system's continuous mainstreaming and the influence of Fairtrade campaigning are, in my opinion, arguments that "the power lies external to the FT supply chain partners, emphasizing cooperation and preventing buyers from engaging in adversarial relations with FT producers" (Karjalainen and Moxham 2012, p.278).

This is in line with the position of one of my interviewees, a Fair Trade expert at the *Oxfam Magasins du Monde*, Patrick Veillard. He states that the Fairtrade growth and mainstreaming, instead of co-optation, may also lead to continuous rethinking and augmentation of standards and criteria, in order for the Fairtrade system to always be more demanding and to have exemplary value, positively influencing the rest of the market (2013, interview). This can be seen as a counterargument for all who *a priori* see Fairtrade mainstreaming as a negative tendency and will be further discussed in Chapter VI.

The third argument is against the presumption that if the Fairtrade system uses the same business structures as mainstream businesses, it is just "in the market". My position, which I share with other Fair Trade researchers (Davies 2009, Smith 2009 and Raynolds and Wilkinson 2007, among others) is that although it truly does share some of the most important characteristics with other agro-food businesses, and among them, that it is based on global value chains, it exists together with and in order to change the market because it strives towards a particular model of the global value chain governance and uses unique inner trading practices.

According to Smith, who is applying Gereffi's global value chain analytical framework (Gereffi 1994 and Gereffi et al. 2005), "market governance is just one of five ways in which commercial interactions are organised - and are thus only one system among many that coordinates the economy" (2009, p.452). Consequently, together with others, such as Davies (2009) and Raynolds and Wilkinson (2007), research shows that the Fairtrade system does not aim for the market, but for relational value chain governance and different business practices connected with it.

Gereffi's global value chain analytical framework and how the Fairtrade global value chains are seen through its lenses will be thoroughly discussed below, but now I will just put forward Murray and Raynolds' understanding of this Fairtrade system's uniqueness. In their research (2007, p.3) they challenge the orthodox economists who regard all producers as competitive advantage maximisers and players in a zero sum game by presenting Fairtrade producers who are offering help to later entrants and working together in developing the Fairtrade system. Furthermore, they question the mainstream economic rationales seeing companies as always purchasing at the lowest prices and pushing costs down the value chain, with Fairtrade traders who accept third-party certification and pay Fairtrade minimum prices and premiums. Finally, unlike what is the dominant economic viewpoint of seeing consumers

as the ones who maximize their individual gains, Murray and Raynolds put forward millions of Fairtrade consumers who are paying higher prices for Fairtrade products although there are cheaper, non-Fairtrade alternatives, similar in quality.

The final argument why I see the Fairtrade system as co-existing and constantly striving to initiate an evolution of the very market in which it operates is connected with the question of fair vs. free trade. In my opinion, at least today, the Fairtrade system should not necessarily be seen as a constant or even strong opponent of free trade, because it is not the latter, but, according to Fairtrade supporters, a series of agricultural subsidies and commodities markets rigged by the monopsonistic power of buyers which provide the features of the trade regime, that Fairtrade is trying to circumvent (Smith 2009, Lamb 2008, Schmelzer 2006, Brown 2005, Barratt Brown 1993 and many others).

Even if all basic development studies theoretical critiques of neoliberalism (see more in Chang 2011, 2007, 2005a, 2005b and 2002, Gallagher 2008 and 2005, Rodrik 2001, Weisbrot, et al. 2001, Wolf 2001, Khor 2000, Narayan et al. 2000, Sen 1999 and others) are disregarded and the neoliberal viewpoints accepted, it is still not hard to show that many of the contemporary economic practices, which present themselves as neoliberal and free trade, are "a lesson in incoherence" (Stiglitz and Charlton 2007, p.v).

One of the most obvious examples are agricultural subsidies. The biggest champions and promoters of neoliberalism, trade liberalisation and free trade, the developed economies, are causing heavy losses to developing countries by subsidising their own agricultural sectors. The subsidies "artificially lower the price at which First World producers can sell their agricultural products, thus nullifying the comparative advantage of Third World producers and forcing them to lower their prices if they are to be able to sell their goods" (Watson 2007, p.274). Therefore, they are one of the main reasons why the real prices paid for commodities vital to developing countries are constantly falling during the last three

decades (Mold in Lamb 2008, p.94) and "behind every falling line lie wrecked lives" (Lamb 2008, p.94).

The sugar industry is a very illustrative example. Until 2005, the European Union was paying its farmers three times the world price to grow sugar according to Lamb (2008, for another discussion about the EU and its sugar regime changes from 2006 onwards, see Richardson-Ngwenya and Richardson 2014). Because of that, a handful of European sugar manufactures, created an enormous surplus on the global market, pushing international prices down by about a third (Lamb 2008, p.95). "It was a triple whammy for sugar growers in poor nations [like Mozambique for example]: they could not sell freely into the vast European market; they were pushed out of selling in other parts of the world by subsidised European sugar; and they got less for what they grew" (Ibid., p.100).

Together with price distortions coming from unrealistically low prices for northern agricultural products, the Fair Trade and development studies literatures also see the tariff system as the reason why the current exclusive economic practices do not match the current inclusive neoliberal theoretical discourses. This is due to the fact that the tariffs that developing countries face are three to four times higher than the ones between developed countries, combined with the fact that tariffs are not the same for primary products like, for example, cacao beans (0 percent), higher value-added cocoa paste (9 percent), or for the final products like chocolate (30 percent) (UNDP 2005, pp.126-127).

This has led to a peculiar situation in which developing countries produce 90 percent of cacao beans, and Germany is the world's largest exporter of higher value-added cacao products like cocoa liquor and cocoa powder (Ibid.). This is not only due to German primacy in knowledge, technology and education, which is the explanation offered by both the Washington Consensus and inclusive neoliberal orthodoxies, but also due to the system of tariffs, which goes directly against the free trade ideal.

The final major point recognised by the Fair Trade and development studies literatures is the problem of "new gatekeepers" in international trade (Ibid., p.139). Due to the changes in the global value chains, a shift of influence towards big companies and supermarkets has taken place, giving them an increased leverage and "tremendous power in their negotiations with producers... [which they use]... to push the costs and risks of business down the supply chain" (Brown 2005, p.3).

"Retailers have emerged as the gateways to consumers, using contracts and specifications to gate-keep between primary producers and consumers, determining technological improvements, distribution logistics, centralization of ordering, application of computer technology, application of batch/niche production to mass lines ('flexible specialization'), and in effect moulding consumer tastes and markets" (Lang 2010, p.88). Therefore today, the biggest corporations "span the globe with interests across many nation states and supply chains that encircle the planet" (Nicholls and Opal 2005, p.4).

The Fair Trade literature does not look on these and other current trade injustices as neutral or natural and instead, it recognises that "the rules that enable the free market and free trade to function [in the way they function]... serve certain interests and not others" (Schmelzer 2006, p.39). Therefore, it can be said that the "fair versus free trade" dichotomy is, at least at the current moment, a false one, because free trade is not the present experience of the poor and marginalised small-scale producers who stand to benefit the most from Fairtrade, according to its supporters.

Consequently, it is not fair against free trade, but the Fairtrade system's practice against the contemporary economic practices full of double-standards, which neglect "external" costs of production and fail to deliver sustainable development. So it is more of a question of the Fairtrade system as a remedy of current economic downfalls rather than fair

vs. free trade dichotomy, which is the final argument supporting my "existing together with and in order to change the market" position.

2.2. Fairtrade System, Global Food System and Gereffi's Global Value Chain Analytical Framework

Apart from being interconnected with the global economic system, the Fairtrade system is also a part of another global structure. Therefore, by using the global food system literature, I will now present the global food system in which the Fairtrade system operates and the general theoretical debate about three key referent objects, i.e. three main links in food value chains, food producers, traders and consumers. This will be the theoretical and analytical base for understanding these three referent objects in the Fairtrade system itself, i.e. Fairtrade producers, traders and consumers.

Global Food System

According to Lang "[a] speed-up of change has occurred" (2010, p.88) from the mid-eighteenth century industrial agriculture revolution, early nineteenth century chemical revolution, twentieth century application of Mendelian genetics and oil usage, 1960s Green Revolution, 1980s modern livestock revolution, to the contemporary age of biotechnology (Ibid.). Following Tansey and Worsley (1995), today, I also see food trading as one of the most complex businesses, involving most of the biggest multinational companies and their global value chains (see also in: Gereffi and Fernandez-Stark 2011 and UNDP 2005), which comes as no surprise due to the unchanged importance of food. The current way the food is globally traded is interconnected with the main characteristics of the contemporary global

food system identified by numerous authors (O'Kane 2012, Bozic et al. 2011, Lang 2010, Toler et al. 2009, Tansey and Rajotte 2008, Raynolds and Wilkinson 2007, Phillips 2006, Raynolds 2004, Barham 2003, Wilkinson 2002, Marsden et al. 2000, Murdoch et al. 2000, Tansey and Worsley 1995 and others).

The global food system today strives to achieve the constant availability of food, contributing to increasing human longevity, minimising uncertainties and costs and maximising returns (Tansey and Rajotte 2008 and Tansey and Worsley 1995). This is becoming a particularly challenging task when it is known that world population nearly doubled during the last forty years, from 3.6 to 7 billion (UNDP 2013, p.6). Furthermore, it is tailored primarily for the people in affluent countries, who seek to control the production and consumption, leaving individuals increasingly powerless and at the mercy of the market forces. Moreover, it is a system that uses the industrial approach to agriculture and food production, draws on produce from around the world and enables a wide range of foodstuffs while treating food as a commodity. In addition, it produces diets very different from the earlier consumption of relatively little processed food and in the end, it has not brought an end to hunger in poorer countries (Tansey and Rajotte 2008 and Tansey and Worsley 1995).

Therefore, there are numerous general issues connected with how the contemporary global food system functions in practice. To begin with, according to O'Kane (2012, pp. 268-269), today, there are more than 800 million people who go to bed hungry. On the other hand, developed countries experience an increase in obesity (Phillips 2006, Evans et al. 2003). Furthermore, the global food system is still struggling with "old problems", as Lang calls them - deep inequalities in and between countries, higher degree of control in the food sector intertwined with the power that global food businesses have today (2010, p.94). In addition, according to Phillips "[t]he overall costs of orienting local economies to world food regimes are use-fully outlined by Murray (2001) and include the destruction of the domestic food

base, the loss of plant diversity through monoculture, and increased food insecurities for rural populations" (2006, p.39).

Finally, Tansey and Worsley stated that the global food system interconnects three different aspects of life: "*biological*: the living processes used to produce food and their ecological sustainability; *economic and political*: the power and control which different groups exert over the different parts of the system and *social and cultural*: the personal relations, community values and cultural traditions which affect people's use of food" (1995, p.2, emphasis added). The focus of my doctoral research is on the issues regarding the second and the third parts of the system, while recognising the importance of the first, with the narrow focus on global food value chains and their three main links - food producers, traders and consumers, to be discussed next.

Food Producers

It is common knowledge that the global food system is becoming less and less able to ensure the sustainable development of food producers, a problem which I have already touched upon in the Introduction. In line with this point is Woodger's humorous comment saying that it is highly unlikely to see the following headline in near future: "Farmers [(especially small-scale ones)] accused of profiteering" (2012). Similarly, although in a far more serious tone, Tansey and Worsley have said that "farmers and farm workers are becoming something of an endangered species" (1995, p.86).

However, not all farmers are the same. Although they all have to make decisions regarding the use of the three classical factors of production - land, labour and capital, they do not do so from the same vantage point. On the one hand, there are large-scale agricultural operators employing thousands of workers, which are often a part of an even larger

agricultural conglomerate or multinational agro-food business. On the other hand, there are small-scale producers, which are currently in a far less favourable position, especially due to the fact that they make up "half of the world's hungriest people" (Fairtrade International 2013a, p.4). However, their importance does not correspond to the individual size of their farms, because their strength lies in numbers. Consequently, at the moment, small-scale producers globally grow 70 percent of all food (Ibid.) and their products represent 80 percent of all agro-food export of developing countries (Nicholls and Opal 2005, p.254-255). Given the fact that they will be at the centre of my research attention, I will now discuss them in more detail.

Poor and Marginalised Small-scale Food Producers

Connected with my decision to focus my research on poor and marginalised small-scale food producers, I will now explain in turn all three aspects of my unit of analysis ("poor", "marginalised" and "small-scale") and the rationale behind my choices. Firstly, in the previous chapter, I have comprehensively defined poverty, seeing poor people as the ones living beneath poverty lines and in one of the conditions stated in Stewart and Wang's broadened definition of poverty (see p.2). Therefore, my comprehensive understanding of who is a poor producer covers both the above-stated quantitative and qualitative aspects of poverty, and is in line with views of a number of development studies scholars (see for example Winters et al. 2004, Stewart and Wang 2003, Sen 1999 and others).

Secondly, I will put forward a definition of what I consider to be a marginalised producer. In order to do that, I will have to unpack the notion of marginalisation. In my understanding there are two aspects that should be identified. Firstly, there is an absolute aspect of marginalisation, asking the question "marginalised from what?". My accompanying

answer to this is - marginalised from opportunities, from access to markets, deprived, and without bargaining power. This aspect of marginalisation directly corresponds to the above stated qualitative and quantitative aspects of poverty, now in light of the general production capacities. In addition, there is a relative aspect of marginalisation, which relates to the question "marginalised compared to what?" Here, my accompanying answer is in respect to other people (on average), since others (on average) have what they do not and cannot.

Finally, as I already stated in the Introduction, my focus will not be on poor and marginalised workers/hired labour and the production on plantations, but on poor and marginalised small-scale agricultural producers and on their small-scale primary production. The rationale behind this focus is twofold. Firstly, the vast majority of Fairtrade production is done by poor and marginalised small-scale farmers (Fairtrade International 2014a), especially in the product categories in which I am interested, i.e. coffee, fruits and vegetables (the focus on these products will be explained in detail in chapters V and VII). Banana production is the only major product branch dominated by the plantation production model (for examples, see in: Nelson and Pound 2009, Ruben et al. 2008, Moberg 2005 and others). Consequently, the vast majority of the Fair Trade literature is focused on small-scale producers (for representative examples see in: Nelson and Pound 2009, Jaffee 2007, Barrientos and Smith 2007 and Renard 1999). Secondly, poor and marginalised small-scale producers in Serbia, who qualify to join the Fairtrade system, are small-scale land owners and not plantation workers.

Therefore, food producers who meet the above-stated conditions, i.e. they are poor (in quantitative and/or qualitative terms), marginalised (absolutely and/or relatively) and small-scale primary producers, rather than plantation hired workers, lie at the heart of my research into current and potential Fairtrade producers.

Finally, irrespective of their size, all food producers today face a number of uniformed challenges. The most important is the fact that they are relatively small and powerless part of the global food system in general and of the contemporary global agro-food value chains in particular (Gereffi and Fernandez-Stark 2011, Raynolds and Wilkinson 2007 and Gereffi et al. 2005 and Tansey and Worsley 1995). In addition, they are the biggest risk takers, since they have to cope not only with the internal mixture of challenges coming from other parts of the system, but also due to the external factors, which are often completely beyond their control, chiefly, changing climate and weather conditions (Milovanovic, 2013, interview and Phillips 2006).

On the other hand, it is important to always bear in mind the fact that, although often seen by the dominant academic orthodoxies as a small, largely powerless and heavily controlled part of the global food system and global food value chains, food producers are still "central to ensuring food security for everyone on this planet" (Tansey and Rajotte 2008, p.3).

Food Traders

At the same time, another, parallel trend is present, given the fact that the global food system is growing in terms of the number of people working in it, and in the size of the companies which operate in it (Lang 2010 and Halweil 2000). This rapidly growing part of the global food system are food traders (Ibid.), always on the "lookout for profitable products" (Easterly 2006, p.66). Barratt Brown identified the reasons for changes in favour of food traders mentioned earlier as originating in the increase in their size, access to finance, manipulating and switching powers and the possibility of capturing the vital parts of the

global value chain (1993). Finally, Feenstra explicitly connects "'integration of trade' with the 'disintegration of production' in the global economy" (in Gereffi et al. 2005, p.80).

In my thesis, I will include food exporters/importers, manufacturers/processors, wholesalers and retailers in the category of "food traders", hence offering a broader definition of the term than usual (for example in Reynolds and Wilkinson 2007, Tansey and Worsley 1995 and Barratt Brown 1993). However, given the fact that the focus of my doctoral research is predominantly on supermarkets as part of the food traders' group, the terminological difference of my *genus proximum*, i.e. food traders, is of no substantial importance and the only reason behind my decision is the analytical simplification which I want to achieve.

Supermarkets

Regarding supermarkets themselves, following Tansey and Worsley's understanding, I see them as "the closest most food buyers come to food producers. They used to be called... grocers, but these names conjure up a picture which is not in keeping with the scale... [hence, they are now companies which] gather, display and sell the products which shoppers, depending on the money in their pockets, buy" (1995, p.124).

Secondly, battle for dominance between supermarkets and wholesalers, which began two decades ago, has now matured. According to Gereffi and his colleagues, supermarkets are developing closer relations with importers and exporters instead of purchasing from wholesalers (Gereffi et al. 2005, p.93). This is the case because the base of the supermarket's business model and corporate policy is the input price. With the exclusion of the intermediaries, this price is lower, which is always a desirable scenario, as explained by Primanova's director of sales, Dragana Nikolic (2013b, interview).

According to the Serbian Strategy for Agricultural Development (SADS 2005, p.65), supermarkets also succeeded in changing the business practices of their suppliers. They did this by enforcing their own production protocols (Hughes 2001), effected in turn by moving to "renewable annual contracts with suppliers whose capabilities and systems were subject to regular monitoring and audit" (Gereffi et al. 2005, p.93).

In addition, they managed to change the shopping habits of food consumers as well, leading to the situation that, for example in the UK, one in every seven pounds spent in shops is spent in one mere supermarket, Tesco (Wallop 2007). That the same supermarket is simultaneously the UK's largest employer is highly illustrative (Ibid.).

However, the rise of supermarkets and their closer and tighter connection with all other parts of the food value chains led to a positive outcome for the first- and third-party certification supporters, since now supermarkets cannot avoid questions regarding their business practices by saying that they do not have any control over their global value chains. Consequently, consumers, NGOs and even governments are now increasingly holding food traders in general, and supermarkets in particular, accountable for the whole length of their global value chains (Karjalainen and Moxham 2012 and Amaeshi et al. 2008). This change is one of the main bases on which the process of Fairtrade mainstreaming through supermarkets will develop, which will be discussed in detail in Chapter VI.

Food Consumers

The final pieces of the puzzle of any research focused on the global food system in general, and global value chains and the Fairtrade system in particular are consumers, who buy agro-food products. Tansey and Worsley define them as "those who spend money on

goods and services... exercis[ing] what is called effective demand", having rights and obligations (Ibid., pp.142,159).

According to the Consumers International, the world federation of consumer groups, consumers have the rights to satisfy their basic needs, to be informed and educated, to be able to choose safe and healthy options and to be heard and acknowledged (2014). At the same time, they have obligations as well, since they have to be critically, economically, politically, socially and environmentally aware (Ibid.). Consumers deploy their rights and obligations through consumption choices (Sassatelli 2006), i.e., through shopping. By understanding both their rights and obligations and the manner in which they can exercise them through their everyday shopping choices, consumers went from weak puppets to more informed and educated, more sovereign, and often morally responsible actors (Ariztia et al. 2012). This has lead us to the situation in which even an average consumer is far from passive (Gereffi et al. 2005, p.98) demonstrating different levels of "rationalism, individualism, collectivism and social orientation" (Bondy and Talwar 2011, p.367).

At the same time, consumers are demonstrating mass consumer characteristics as well, focusing on "price, quality, convenience and brand familiarity" (Ibid.) and, it can be added, aiming to collectively exercise one or more aspects of their critical, economical, social, political and environmental awareness. In this way, some of them have become campaigners.

Today, previous focuses on price, value-for-money, health and safety of the products are not the sole criteria for buying. As stated previously, consumers' greater awareness of the global supply chains, enables them to identify unethical business practices more easily and act upon them (Karjalainen and Moxham 2012, Park-Poaps and Rees 2010, Jiang et al. 2009, Maloni and Brown 2006 and Whysall 1995). This exposure has also led to the situation in

which the effects of the consumers' shopping choices have become far more visible as well (Ariztia et al. 2012, p.4).

This realisation can be a personal motivator for ethical consumption. More importantly, however, if a number of consumers are inspired to collectively exercise one or more aspects of their critical, economical, political, social and environmental awareness, then they come to the fore as a very important group. "Although consumers are the least organized of the actors involved in the food system, there is the potential for greater pressure from consumers concerned about the direction and nature of the food system" (Tansey and Worsley 1995, p.165).

Ethical labels, including the Fairtrade Mark are crucial for this, because, according to their supporters, products carrying them offer ethically sound alternatives and because they can be seen as a practical manifestation of ethical endeavours. "In this core role, labelling initiatives can moralise and humanise key aspects of business processes by providing credible and practical information for consumers, so they can apply personal convictions in their consumption choices. But labelling can also help producers and business to communicate 'sustainable' benefits in a credible way while offering strategic options to improve competitive positions based on sustainable production" (Hartlieb and Jones 2009, p.587).

The three above-presented referent objects will be further analysed throughout my thesis by applying Gereffi's global food value chain analytical framework, which will enable me to explain their interconnections.

Gereffi's Global Food Value Chain Analytical Framework

Two seminal works by Duke Professor Gary Gereffi lie at the heart of numerous global value chain related analyses in the Fair Trade literature. These comprise his chapter "The

organization of buyer-driven global commodity chains: How U.S. retailers shape overseas production networks" (1994) and an article co-authored with John Humphrey and Timothy Sturgeon, "The governance of global value chains" (2005).

The first work contributed to an older body of work, the global commodity chain literature, and set a path for the development of a novel global value chain approach by clearly distinguishing "producer-driven" from "buyer-driven" chains. "Gereffi (1994) used the term 'buyer-driven global commodity chain' to denote how global buyers used explicit coordination to help create a highly competent supply-base upon which global-scale production and distribution systems could be built without direct ownership" (Gereffi et al. 2005, p.82). The second paper explains a fivefold global supply chain governance typology, and offers an analytical apparatus for explaining changes from one type to another, hence, adding dynamics to the global value chain literature.

"GVCs [(Global value chains)] link firms, workers and consumers around the world and often provide a stepping stone for firms and workers in developing countries to integrate into the global economy" (Gereffi and Fernandez-Stark 2011, p.2). Due to its contemporary influence, "[t]he global commodity chain approach is often now referred to as the global value chain approach" (Raynolds and Wilkinson 2007, p.35)¹⁵. In addition, Gereffi's global value chain approach provides a generally "insightful associated framework for analyzing the social organization of transnational production, trade, and consumption networks... [and] the interlinking of products and services, organizational and spatial configuration of enterprises, and governance systems determining the distribution of profits and other resources in manufacturing" (Ibid.).

As stated previously, I employ the concept in this thesis to offer a novel answer to the "in or against the market" debate. Even more importantly though, I will apply Gereffi's global

¹⁵ In the Fair Trade literature, this approach is predominant and I will follow it as well.

value chain approach as a major part of my theoretical framework in order to explain how Fairtrade producers, traders and consumers are connected in the Fairtrade system, and what is the difference between Fairtrade and other businesses' global value chains. Hence, it will allow me to connect all four of my empirical chapters by using the common analytical framework linking all three referent objects - Fairtrade producers, traders and consumers.

Gereffi and his colleagues develop a five-point, ideal type typology of global value chain governance, taking into account questions of the complexity of transactions, the ability to codify transactions and the capabilities of suppliers (Gereffi et al. 2005). At one end of the spectrum, there is the first, market type of value chain governance with low complexity transactions, and high abilities to codify transaction and capabilities of suppliers, leading to the essential point of this ideal free market trade scenario that "the costs of switching to new partners [(and the links between them)] are low [(and weak)] for both parties" (Ibid.). At the other end of the spectrum lies the second extreme, absolute vertical integration in the form of the hierarchy governance type. In this ideal type, the complexity of transactions is the highest, while the ability to codify transactions and capabilities of suppliers is the lowest, leading to a very high degree of explicit coordination and power asymmetry. "The dominant form of governance is managerial control, flowing from managers to subordinates or from headquarters to subsidiaries and affiliates" (Ibid., p.84).

In between, there are three more ideal types: modular, relational and captive value chains. In all of them, the complexity of transactions is high and they differ, firstly, in regard to their ability to codify the transactions with only relational value chain model scoring low on this variable, meaning that responsibilities lie not predominantly with the producers, leading to the second highest score in the capabilities of supply-base, which it shares with the modular value chain. However, unlike modular value chains where producers make products to a customer's specifications and take full responsibility, or the captive value chains where

producers are dependent on much larger buyers, facing significant costs of switching partners, therefore, being "captured", in relational value chains the relations are rather different. In them, there are complex interactions creating mutual dependence, functioning well in both spatial proximity, but also distantly if relationships are built-up over time and based on trust and respect (Ibid.).

| Governance type | Complexity of transactions | Ability to codify transactions | Capabilities of supply-base | Degree of explicit coordination and power asymmetry |
|------------------------|-----------------------------------|---------------------------------------|------------------------------------|--|
| Market | Low | High | High | Low |
| Modular | High | High | High | ↑ |
| Relational | High | Low | High | |
| Captive | High | High | Low | ↓ |
| Hierarchy | High | Low | Low | High |

Table 10. Key determinants of global value chain governance (Gereffi et al. 2005, p.78)¹⁶.

Finally, Gereffi and his colleagues point out that changes from one type to another are not only possible, but also quite common (Ibid., p.92-93). According to the same work, this and other changes between different types of global value chains can be both facilitated and anticipated. In the Fairtrade system, I see Fairtrade campaigners as the main initiators of this change, which will be further discussed in Chapter VI.

In addition to these most important reasons, Gereffi's global value chain approach was also chosen because of the following analytical advantages. To begin with, crucial for my thesis is the fact that although generally very useful in analysing all types of global value chains¹⁷, Gereffi's approach is particularly valuable for analysing agro-food sector (Raynolds and Wilkinson 2007, Daviron and Ponte 2005, Gereffi et al. 2005 and Gibbon and Ponte 2005).

¹⁶ Statistically, there are three more possible combinations of these variables, however, according to Gereffi and his colleagues, only these five actually generate global value chain types (Gereffi et al. 2005, p.87).

¹⁷ Apart from the agro-food sector, it is used to explain global value chains in manufacturing, tourism, logistics, finance and many other business sectors (Gereffi et al. 2005 and Staritz et al. 2011).

Furthermore, Gereffi's global value chain approach also demonstrates how contemporary global trade is not solely, or even predominantly, inter-national. In fact, it lies largely within the international business sphere dominated by the biggest multinational companies. These companies are also characterised by the second important new feature of the contemporary global economic system, their vertical disintegration. In this way, they are "redefining their core competencies to focus on innovation and product strategy, marketing, and the highest value-added segments of manufacturing and services, while reducing their direct ownership over 'non-core' functions such as generic services and volume production" (Gereffi et al. 2005, p.79).

Yeats' findings (2001) are in line with this point stating that companies try to outsource all of their non-core manufacturing and service activities due to the rising integration of world markets. A number of authors (Smith 2010, Gereffi et al. 2005, Dolan and Humphrey 2004, Henderson et al. 2002 and Hughes 2000) have come to the same conclusion. For example, in spite of its increasing complexity, in the global value chains, dominant buyers, such as "new gatekeepers", i.e. supermarkets and big agro-food businesses can distribute, coordinate and control global-scale production systems without direct ownership. Secondly, they can minimise their exposure to risk and push the risk down the supply chain, maximising their financial returns, while at the same time, leading producers to the red lines of sustainable production and often driving them below.

These findings are essential for my thesis as well, given the fact that due to the nature of the Fairtrade system, my whole analytical focus is not on inter-national (i.e. trade between Mexico and the United Kingdom, for example), but between Fairtrade producers, traders and consumers, which is done within the international business sphere, which currently has an hourglass structure, as it is dominated by a small number of big multinational companies, known as "new gatekeepers".

Thirdly, Gereffi claims that the producer-driven global value chains have eroded and that the new, buyer-driven global value chains are now the most dominant forms of organisation, particularly in the agro-food sector. This finding is, again, crucial to my research, because I similarly understand the Fairtrade system as buyer-driven. This is because I recognise Fairtrade mainstreaming through supermarkets as one of the most important ways in which Fairtrade will continue to develop, which will be discussed in detail in Chapter VI.

Therefore, due to all above-stated, it is not hard to understand why more and more Fair Trade researchers (Doherty et al. 2013, Karjalainen and Moxham 2012, Smith 2010, Davies 2009, Reed 2009, Raynolds and Wilkinson 2007, Daviron and Ponte 2005, Gibbon and Ponte 2005, Smith and Barrientos 2005, Taylor et al. 2005 and Dolan and Humphrey 2004), including myself, have recognised that this approach can illuminate the dynamics of the Fairtrade global value chains and interconnections between Fairtrade producers, traders and consumers. In addition, through these analytical lenses the Fairtrade system can be seen as a "prototype for 'relational value chains'" (Raynolds and Wilkinson 2007, p.36) and this will be discussed next.

Fairtrade Relational Global Value Chains

A trend present at the end of the 20th and at the beginning of the 21st century is the complete disappearance of close links between producers and consumers (Moore et al. 2006 and Barrett Brown 1993). The breaking of links is neither only, nor even predominantly along the lines of geographical proximity or distances, but increasingly, along the economical and social divides. According to its supporters, the Fairtrade system aims to bridge all of these gaps by building closer links between Fairtrade producers and Fairtrade consumers, cutting unnecessary middlemen, involving aware Fairtrade traders and paying Fairtrade prices and

premiums (Raynolds 2000). In this way, the Fairtrade system is offering an answer to Barrett Brown's question which stated that "we cannot now foresee what the new structures will be... [which will be able to remedy] markets which split us into two halves - into producers and consumers... so that we can once more become whole" (1993, p.191).

Therefore, understanding the relations in Fairtrade global value chains is one of the most important tasks for the Fair Trade literature. As already discussed, the Fairtrade system, as all other businesses, is based on global value chains. In this respect, the Fairtrade system has to take into consideration a number of supply chain management constructs as much as other food businesses do. The most important are: customer focus, environmental uncertainty, top management support, purchasing strategy, buyer-supplier relationships, integration and performance (Karjalainen and Moxham 2012, p.273). Although the Fairtrade global value chains can be unique in some aspects, "this does not preclude FT chains aiming for cost-efficiency, competitiveness and growth" (Ibid., p.278), which is true for any (agro-food) business initiative.

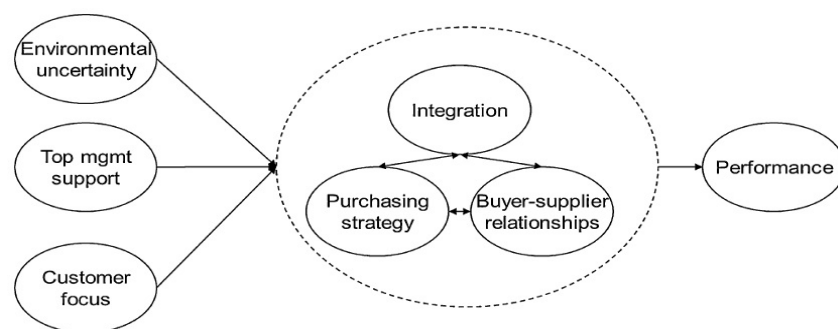


Figure 2. Key supply chain management constructs (Karjalainen and Moxham 2012, p.274).

On the other hand, as already indicated, a number of Fair Trade scholars pointed out that Fairtrade global value chains are considerably different than the ones of other businesses in the market (Doherty et al. 2013, Karjalainen and Moxham 2012, Nicholls 2010, Smith 2009, Davies 2009, Raynolds and Wilkinson 2007, Davies 2007, Schmelzer 2006, Mair et al.

2006, Taylor 2005, Raynolds 2002a and others) due to the following specificities.

According to Raynolds and Wilkinson, the Fairtrade system is the prototype of a relational global value chains (2007, p.36). They are characterised by "complex interactions between buyers and sellers, which often creates mutual dependence and high levels of asset specificity. This may be managed through reputation, or family and ethnic ties" (Gereffi et al. 2005, p.84). Relational value chains seek to replace, above all, market and captive types of value chain governance with the form that "...considers the situation of producers in structuring the terms of interaction" (Smith 2009, p.2).

The Fairtrade system, therefore, does not have a standard contemporary supply chain structure and does not employ the same procedures (Karjalainen and Moxham 2012 and Nicholls 2010), but tries to reconnect Fairtrade producers, firstly, with Fairtrade traders and secondly, with Fairtrade consumers. Therefore, the Fairtrade system tries to shorten the distance between producers and consumers and to humanise the trade by introducing solidarity, cooperation and equality (Raynolds 2002a).

According to the Fair Trade literature, starting with the Fairtrade producers, the Fairtrade system achieves this through its global value chains allowing them to have partner relations with Fairtrade consumers (facilitated by Fairtrade traders). In addition, it allows them to share the power of defining what is "quality" in a product (Goodman and Goodman 2001).

Continuing with the Fairtrade traders, their engagement in the Fairtrade global value chains is different because there is a number of core, obligatory Fairtrade trade standards, rules and regulations set by Fairtrade International and monitored by FLO-CERT, therefore, third-party certification scheme, which they have to follow in order to sell Fairtrade products. This includes paying the Fairtrade minimum price and premium, paying up to 60 percent before the harvest and signing long-term trade contracts (Schmelzer 2006, pp.7-8).

Finally, being a part of the Fairtrade system is a different experience for the Fairtrade consumers as well. They can "visualize a more or less direct link with the producer and imagine (even if inaccurately) that every fair-trade-certified bean in their morning cup was picked by democratically organized, fairly paid farmers in one particular coffee cooperative" (Jaffee 2007, p.14).

In this lies the power, but also the specificity of the Fairtrade global value chain to "put a face on commodities, to convey information about the social conditions under which they were produced - and about the people who produced them" (Ibid.). Therefore, by the words of Raynolds, it is not only that Fairtrade changes the market in which it operates, it actually, just by functioning the way it does, "destabilizes neo-liberal knowledge claims" (2002a, p.409), uncovering power domination by the strongest actors which are creating and modifying market rules to serve their own interests (Taylor 2005).

Following the presentation of its positive, unique features, it is also important to point out that, like all other business using global value chains, in practice, the Fairtrade system meets similar challenges. I have already stated that a number of Fair Trade scholars find Fairtrade to be a prototype for relational global value chains, however, there are, at the same time, warnings stating that it can also slip to modular or captive value chains as well (Doherty et al. 2013, Nicholls 2010, Smith 2010 and Raynolds and Wilkinson 2007, for example). The Fairtrade system "may move toward "captive chains," if power asymmetry and Northern market control is heightened, or "modular chains," if standardization, certification, and market diversification loosens supplier networks" (Raynolds and Wilkinson 2007, p.36). Therefore, as it will be presented in this section, not all practices of Fairtrade traders will guarantee the relational nature of the Fairtrade value chains.

For example, Smith finds that the Fairtrade value chains, in the case of supermarkets in the UK for example, are everything but homogenous (2010, p.258). "They can be quite

short with close relationships between all actors in the chain, or long and complex with little direct contact from one end to the other. They may involve a string of independent entities (producers, exporters, importers, processors and retailers) or contain elements of vertical integration (a single company performing more than one function in the chain) or co-ownership. They may be populated largely by social enterprises which deal exclusively in Fairtrade, or be made up entirely of conventional commercial companies which include Fairtrade as part of their broader business" (Ibid.).

Doherty and his colleagues therefore identified seven distinct Fairtrade global value chains "which make up the vast majority of fair trade purchases today" (Doherty et al. 2013, p.169) showing that they lead to the different social impacts, and are subject to different levels of dilution, co-optation or reputational damage (Ibid.).

| Value chain | Fairtrade value chain | Participants | Features | Propensity for co-optation, dilution or capture |
|--------------------|---|---|--|--|
| 1 | FTO/Social Economy value chain (100% Fairtrade) | FTOs trading with FTOs, e.g. CTM Altromercato trading directly through associated world shops | Strong relationships with producers building organisational capacity and even producer equity. Consumer activists buying in this chain | Nil |
| 2 | FTO value chain with corporate retail participation | FTO products such as Divine chocolate and Cafedirect distributed via supermarkets | Strong relationships between FTOs and producers. Retailer purely route of distribution. More convenient for consumers to buy | Nil dilution but limited potential for cooptation or reputational risk |
| 3 | FTO supplying supermarket own label | FTOs supplying own-label supermarket brand such as Agrofair selling fresh fruit produce through supermarket branding | Strong relationships with FTOs and producers. Some FTOs maintain the intellectual property with reference to producers on packaging | Nil dilution, limited cooptation but high levels of reputational risk |
| 4 | Corporate dominate licensee and retailer | Starbucks Coffee Company is an example | Modular form where corporation has significant control over value chain. Not all corporate products are FT | Some co-optation of FT authorities and dilution of some principles. High reputational risk |
| 5 | Corporate retail dominated but not licensee | Own label supermarket products sourced from second tier manufacturers such as supermarkets working through existing own-brand suppliers | Modular form where supermarket retailer does not have to commit to FT standards and minimum relationship with producers | Very high reputational risk, some co-optation for FT authorities but limited dilution |

| | | | | |
|---|--|--|--|---|
| 6 | Corporate manufacturer as licensee to retailer | Multinational corporation such as Proctor & Gamble or Cadbury's converting major brands for general sale | Controlled and dominated by MNCs with limited transparency. Power resides with MNC | High co-optation, dilution and reputational risk due to power imbalance |
| 7 | Corporations and plantation production | Control of value chain remains the same but with adherence to social premium and FT price such as large fruit importers Chiquita or Dole | Similar to ethical trade with power very much with the corporation. No consumer brand choice as whole categories are converted, e.g. bananas | High co-optation, dilution and reputational risk |

Table 11. Types of Fairtrade global value chains (Doherty et al. 2013, pp.170-171).

This table shows seven different Fairtrade global value chains, however, the focus of my doctoral research is only on the value chains two, three and five. They predominantly involve supermarkets, with Fairtrade organisations either supplying their own products or supplying supermarkets' own labels. Alternatively, supermarkets own label products sourced from second tier manufacturers. These include existing own-brand suppliers, whose trade pallet is just marginally focused on Fairtrade and who are searching for minimum (although still Fairtrade) prices, instead of establishing the above-stated good Fairtrade trade practices.

The first, and according to Doherty and his colleagues, the most desirable value chain type is based on 100% Fair Trade organisations (FTOs), trading with other FTOs and consequently with Fairtrade consumers, most of them being radical Fairtraders. Although this is the model in which the propensity for co-optation, dilution or capture is negligible, it has a few major drawbacks, identified by a number of Fair Trade scholars (see in Doherty et al. 2013). These include sluggish growth rates, low annual sales and inability to move out from the niche market and attract non-radical Fairtrade consumers.

As I already said, this is a serious downfall for any agro-food business model identified both by the literature, but also by numerous Fair Trade experts I interviewed. Therefore, this type of global value chain will not be at the centre of attention of my doctoral research.

On the other side of the spectrum there are the global value chains four, six and seven, where "the biggest fears of co-optation and dilution occur with powerful, and occasionally ethically questionable, MNCs [(multinational companies)] such as... Starbuck's (type 4), Nestlé and Cadbury's (type 6) and Dole and Chiquita (type 7)" (Doherty et al. 2013, p.175). The analytical reason why they will not be included in my research is because in Serbia, at the time of writing of this thesis, the Fairtrade global value chains "in the middle" prevail, and according to my interviewees, the majority of the Fairtrade market will be based on them in foreseeable future (Kosanovic 2013, interview and Seslija 2013, interview).

Consequently, the middle of this table, Fairtrade global value chains two, three and five, will be at the centre of my doctoral research. They fit Fairtrade mainstreaming through supermarkets process, which is happening in the UK, and which was the initial Fairtrade spark in Serbia as well. The nuances between them allow me to analytically put forward the fact that, firstly, not all supermarkets are "Fairtrade" to the same degree, in line with Smith's argumentation that their commitment is not the same (2010).

Even more importantly, and something that even Doherty and his colleagues in their up to date, the most comprehensive analysis on this issue did not realise, is that not all Fairtrade products on supermarkets' shelves are the same. They do not result from the same Fairtrade global value chains, since the certification specificities of the Fairtrade labelling is focused on certifying products rather than companies, even though all of them met the same Fairtrade International and FLO-CERT standards.

Exemplar supermarkets like the Co-operative in the UK are able to have Fairtrade global value chain two with a great number of FTOs' products, but they also have products coming from Fairtrade global value chains three and five (to a lesser extent). According to Smith, this group of supermarkets have their Fairtrade global value chains differing from their conventional global value chains, hence, "they are more likely to invest time and resources in

understanding and developing the value chain" (2010, p.262). On the other hand, supermarkets like Delhaize in Belgium (Pauwels 2013, interview) and in Serbia (Kosanovic 2013, interview and Seslija 2013, interview), Sainsbury's and especially Tesco in the UK have more Fairtrade products coming from Fairtrade global value chains three and five (Bentley 2013, interview).

Given the fact that only Fairtrade global value chains two and three are the ones which are identified as relational and therefore, more desirable compared to modular which is the global value chain five, it is clear that the FTO and supermarket relational cooperation happens either through FTO's or supermarkets' own Fairtrade brands. It is nevertheless important to say that the "fair-washing is worsened in value chain 3 where the fair trade licence is held by the FTO but all the reputational benefit goes to the own-brand retailer. The most obvious examples of this are Agrofair's provision of own-brand fruit to major European retailers, rather than its official óke brand or Divine's provision of... Sainsbury's Chocolate" (Doherty et al. 2013, p.174, also stated by Poos 2013, interview and Bentley 2013, interview).

Fairtrade global value chain five is, as already said, modular, which, due to one of its characteristics can lead to strengthening, broadening and deepening of the current situation where all Fairtrade standards, rules and regulations are obligatory for Fairtrade producers and traders, but not for supermarket suppliers and finally, the supermarkets themselves. Hence, the retailers who use third-party suppliers solely based on price "are less committed to the success of fair trade, only fulfil the minimum fair trade requirements... and do not profit share with producer communities. This ultimately leads to the cannibalisation of FTO sales and less money per unit sold being redirected to producers" (Doherty et al. 2013, p.174). These supermarkets in general and the Fairtrade products on their shelves in particular are coming through the same global value chains as the non-Fairtrade products and are sourced through

category managers, who may treat Fairtrade products the same as any other in a particular product category (Smith and Barrientos 2005, p.196).

The final point in this section is connected with the already explained possibility of moving from one type of the global value chain to the other. Fairtrade campaigners are critical to this transition. In particular, their efforts to help development of the Fairtrade global value chains two and three and the ways in which they are able to influence the move from the Fairtrade value chain five to two and three, since according to Doherty and his colleagues' advice, "Fair trade authorities should try and replicate the development of value chains 1, 2 and 3 in emerging markets..." (2013, p.180).

I regard the Fairtrade campaigning as the way to achieve this and my understanding is further supported, firstly, by the literature stating that "[e]xperience suggests that if supermarkets succumb to civil society pressure to fulfil their commitments to ethical trade this would require a move to more relational governance" (Smith and Barrientos 2005, p.195), and by my interviewees (Djuraskovic 2013, interview and Bentley 2013, interview). This is particularly advocated by Bentley who stated that not only that Fairtrade campaigners in the UK have brought Fairtrade where it is at the moment, but also in order for Fairtrade to grow even further, supermarkets and campaigners have to find novel ways to coordinate and cooperate (2013, interview).

2.3. Fairtrade System and Caring Across Spaces

The third body of work important for my doctoral thesis, from which Fair Trade researchers draw theoretical bases and concepts when explaining the Fairtrade system, is the caring across space literature. This does not come as a surprise given the fact that the links between the notion of caring across space and the Fairtrade system are very strong and

numerous scholars have written about this topic (Watson 2007 and 2006, Popke 2006, Clarke et al. 2005, Hale and Opondo 2005, Castree 2004, Cook et al. 2004, Friedberg 2004 and 2003, Hughes 2004 and others). Smith's seminal work (1998) is the foundation of most of these writings. Similarly, I will base my analysis on Smith, including its more recent interpretations coming from the Fair Trade literature.

The more common view held in the Fair Trade literature, which I favour as well, gives more space to feelings and emotions in general and to the notions of care in particular (see also in: Watson 2007, Popke 2006, Castree 2004 and others). Care is understood as "a felt concern for the good of others and for community with them" (Baier 1987, p.43). It is perceived as a warmer virtue than justice, however, strong enough to have practical consequences for people who are in need (Smith 1998, p.16). However, the vital requirement is to give care a substance (Tronto 1993) and the Fairtrade system qualifies as an excellent vehicle for this which will be further discussed below, especially in chapters VI and VIII.

Now, I will put forward a discussion about three important topics which will aid me in putting the theoretical foundations for understanding the Fairtrade system's internal normative and operational logic and its re-connection mission, which will be discussed thorough my doctoral dissertation as one of the main arguments against the current Fairtrade system's practices of exclusion. These are the questions of how far we should care for others, the perception of human sameness and difference and regarding the role of education in the process of giving care a substance.

How Far Should We Care for Others

To be able to connect with, and favour people who live far from us in the same way and at the same time as we do with the ones who live in our close proximity was, until very

recently, regarded as unusual (Smith 1998, p.17). The opposite was intuitive convention, due to the fact that local groups protected themselves by having a negative attitude towards strangers (Ibid.). Besides this fear of strangers, previously, people only had obligations to their close family and friends because they were particularly, and most often, exclusively, vulnerable to their actions and choices, while the distant strangers were not (Clement 1996). However, in today's interconnected global economic and food systems this is not the case anymore (Karjalainen and Moxham 2012, Chang 2011, Raynolds and Wilkinson 2007, Smith 1998 and others). Consequently, we have to ask the question how far we should care for others, i.e. how much, as well as how far, in geographical, social and economic spaces (Smith 1998, p.15).

Regarding the former question focused on how much should we care, firstly, it is necessary to recognise that "[a]ll of us have only a finite amount of time, attention, care, and affection to devote to other people (or to ourselves for that matter), and life would scarcely be worth living if we could not decide for ourselves - once we had met our general social obligations - on whom these should be bestowed" (Barry 1995, p.201). However, O'Neill also points out that albeit the fact that people cannot care about everyone, they can and should care, at least to a certain extent, about others (1989).

Concerning the later question, Sidgwick starts by saying that these distant others are "those who are in distress or urgent need [and because of that they] have a claim on us for special kindness" (in Smith 1998, p.19). Apostrophising "special kindness" also serves to confirm my affinity with the moral philosophical route arising from the Scottish Enlightenment and against Hume's utility theory (1988 [1740]). In particular, against his consequent account of distance-decay dynamics through which it is more difficult to care for someone the further they were removed from you, both physically and socially.

The Scottish Enlightenment appealed instead to a notion of special cases, suggesting that some people deserved more care simply on the grounds that their material conditions of life were lower than most other people's (Watson 2007). Therefore, these special duties should be enacted to poor and marginalised people based on the grounds of their poverty and marginalisation, regardless if they are coming from the Global South or the Global North. This is particularly true given that many people from the Global North, including the ones coming from Serbia, are now in the same camp as people from countries for whom special duties are usually claimed.

Furthermore, Singer continues by putting forward the principle that "if it is in our power to prevent something bad from happening, without thereby sacrificing anything of comparable moral importance, we ought, morally, to do it. This principle takes no account of proximity or distance" (Smith 1998, p.25). Immediately, there is a heretic voice which is rather exclusive when stating that "...not all social interactions are going to have the same pay-off. All other things being equal, your best reproductive investments are going to be in helping close kin" (Ruse 1991, p.505).

The theory promoted by Ruse meets the praxis of the real life portrayed in the words of Held who said that human beings can and do care on an everyday basis and certainly not exclusively for their nearest and dearest (1993, p.53). In a more recent study, Toler and his colleagues stated that there is much evidence to suggest that, firstly, people care not only for their own, but for the monetary wellbeing of others as well (Toler et al. 2009, p.1272). Secondly, that they care about distribution, inequality and efficiency as well (Ibid., see also in Engelmann and Strobel 2004).

From the previous paragraphs, comprehending how far we should care for others is crucial to understanding the Fairtrade system is designed, since this explains the first half of its internal normative and operational logic. It clarifies the reasons why people would and

should care about both close and distant others, which is the starting point of the Fairtrade system's re-connection mission between Fairtrade producer, traders and consumers (Watson 2007 and 2006, Moore et al. 2006, Goodman 2004, Whatmore and Thorne 1997 and others). This lends itself to the fact that "[o]ne way of understanding the Fair Trade message... is in relation to reducing the 'distance' between consumers and producers (Moore et al. 2006, p.338), and "if. . . strangers make market exchanges in a capitalist economy, it is also true that market exchanges make strangers" (Bowles in Watson 2006, p.442).

Secondly, they give a normative background to five core groups of principles and two monetary benefits, explaining why people would and should go beyond what is today accepted as a norm. From the producers' perspective - following the lowest legally binding production standards, from the traders' position - applying the lowest legally binding trading practices, from the consumers point - aiming for the lowest market prices, and instead accept Fairtrade producers, traders and consumers' above-stated logic explained by Raynolds and Wilkinson (see p.54). This is another theoretical foundation for understanding the empirical debates which will be presented in chapters V - VIII.

Human Sameness and Difference

Following the debate about the question of how far we should care for others, the second aspect of the caring across space literature to be discussed deals with the question of human sameness and difference (Smith 1998, p.16). Smith has noted that this question is central to many contemporary debates in geography and philosophy, also indicating social and economic spheres as areas for future research (1998). Following numerous authors (Watson 2007, Popke 2006, Castree 2004, and others), I also see it as crucial for

understanding the Fairtrade system, especially the second half of its internal normative and operational logic.

This is due to the fact that the Fairtrade system's practice, according to its supporters, aims to be in line with the following statement saying that "...solidarity is not thought of as recognition of a core self, the human essence, in all human beings. Rather, it is thought of as the ability to see more and more traditional differences... as unimportant when compared with similarities with respect to pain and humiliation..." (Rorty in Smith 1998, p.23). This second aspect broadens the previous understanding accentuating social and economic distances more strongly, for people in need both far and close, in the Global South, as well, as in the Global North.

The Role of Education

The third point, crucial for being able to care across spaces at all, is knowledge about the ways in which one is, and should impact others that one has never met. One of the Fairtrade system's most important characteristics is its educational and awareness-raising character. Through education, the Fairtrade system in general and the Fairtrade campaigners in particular, illuminate the problems concerning the global economic and food systems.

"Knowledge of the operation of these processes, of how 'we' in the affluent parts of the world impact on the lives and environments of distant others, can lead to an extension of a sense of responsibility" (Smith 1998, p.21). In that way, people can, firstly, imagine "how they would feel were they to find themselves in the other person's situation" (Watson 2007, p.267). This is in line with Nicholls and Opal saying that "...individual ethical decision making can only come about by a process of development and self-awareness set in the

context of defined ethical ends or 'policies'. Thus, self-knowledge through learning can be both the means to achieve ethical outcomes and an ethical goal in itself" (2005, p.66).

Secondly, the Fairtrade system and its campaigners offer a way for people to put their care into practice, because the vital thing is to give care a substance (Tronto 1993). According to its supporters, the Fairtrade system qualifies as an excellent vehicle which facilitates this process, particularly because the emphasis on care "posits meeting needs for care, rather than the pursuit of profit, as the highest social goal" (Smith 1998, p.27), which is one of its core ideas.

2.4. Concluding Remarks

In this chapter, I have reviewed the Fair Trade literature, especially titles which are also founded on research coming from the development studies, the global food system and the caring across space bodies of work. In doing so, I have demonstrated that the end of the 20th and the beginning of the 21st century witnessed a shift towards a seemingly more inclusive liberalism. However, through literature review, I have also identified its main shortfalls, i.e. its similarity to its predecessors, especially given the fact that it still enables social and environmental destruction. Consequently, I encountered its theoretical and practical contestants. One of them is the Fairtrade system, inspired by strong pressures from noncorporate, non-industry, nonstate coordinating bodies and their high economic, political, social and environmental goals. The Fairtrade system's emergence from this milieu immediately begs the question as to how far it actually goes in its critique of the present-day economic practices based on the contemporary phase of neoliberalism. I discussed this issue by critically analysing the literature and developing my novel approach which sees the Fairtrade system as existing together with and in order to change the market.

Apart from being interconnected with the global economic system, according to the Fair Trade literature, the Fairtrade system is also a part of another global structure, the global food system. By discussing food producers, focusing on poor and marginalised, small-scale ones; traders, accentuating supermarkets; and finally, food consumers, highlighting campaigners, I firstly set the scene for a more focused discussion about corresponding parts of the Fairtrade system, i.e. Fairtrade producers, traders and consumers. They will be further discussed in Chapter III, and this discussion will be the theoretical foundation for chapters V - VIII, in which the empirical analyses of these three referent objects will be put forward.

Moreover, I reviewed literature on global value chains and put forward Gereffi's analytical framework (Gereffi et al. 2005 and Gereffi 1994) which was applied extensively in the Fair Trade literature and presented the understanding that regards the Fairtrade system as based on relational global value chains, which differ from other value chain governance types. Similarly, the same literature shows that the transition from one type to another is possible, hence, current non-relational global value chains can become relational in the future. By applying Gereffi's analytical framework, I was also able to put forward the theoretical basis for tying all of my referent objects in the Fairtrade system, i.e. Fairtrade producers, traders and consumer.

Finally, following the common position in the Fair Trade literature, I also give more space to feelings and emotions in general and to the notions of care in particular. Consequently, I asked three questions: How far we should care for others? How similar and how different are we? Finally, which role does education have in addressing these dilemmas? I concluded that the Fairtrade system is a suitable vehicle for giving care a substance. This offered me a foundation for understanding the Fairtrade system's internal normative and operational logic of care, re-connection and inclusion, and is a theoretical foundation for the critique of its current exclusion practices, to be discussed in Chapter III.

In this way, I have continued and further developed some of the discussions already started in the Introduction. Consequently, I began setting the theoretical foundations, firstly, for making the contribution to knowledge regarding the examination of a new topic, but also in more general terms, for empirical analyses which will lead to the making of all of my contributions to knowledge. I will carry on with my theoretical debates in the following chapter.

CHAPTER III - THE CONTEMPORARY FAIRTRADE SYSTEM

Continuing the brief discussion started in the Introduction about the Fairtrade system, in this chapter, I will present the contemporary Fairtrade system, focusing, firstly, on its principles and monetary benefits and secondly, on the three key referent objects: Fairtrade producers, traders and consumers and on Fairtrade International and FLO-CERT, as the leaders and regulators of the system. By explaining how the Fairtrade system works, I will put forward the base for understanding the debates in chapters V - VIII in general and particularly about the above-mentioned three referent objects - Fairtrade producers, traders and consumers, in Mexico, the UK and Serbia.

Finally, I will present some of the most prominent critiques of the Fairtrade system including the Global North - Global South divide critique and upper-middle-income economies' position within the system, identifying dissent between theory and practice, and setting the direction of the general debate of my doctoral dissertation and the one in chapters VII and VIII focused on Serbia in particular.

3.1. Fairtrade Principles and Monetary Benefits

At the heart of the current Fairtrade system lie five core social, economic, labour and environmental groups of principles and two major monetary benefits, the Fairtrade minimum price and the Fairtrade premium guaranteed through a strict system of rules, regulations and standards (FINE 2001, see also in: Brkovic 2013a and 2012, Fairtrade International 2012b, Fairtrade International 2011a, Nelson and Pound 2009, Lamb 2008, Jaffee 2007, Raynolds et al. 2007, Hayes 2006, Nicholls and Opal 2005, Auroi 2003, Murray et al. 2003 and others).

According to its supporters (FINE 2001, p.2-3), by adhering to these principles, the Fairtrade system aspires to an altered global economic system, by providing financial, technical and organisational support to producers, raising awareness in the Global North and South and campaigning for changes in the rules and practice of conventional international trade. It also advocates a different way of doing business, by insisting on transparency and accountability, treating producers and consumers with respect and by providing full information to facilitate market access. In addition, it endorses better trading conditions by way of fair remunerations, helping with access to pre-harvest/pre-production financing and supporting longer term commitments in order to avoid producers falling into debts.

The Fairtrade system's penultimate aim is to secure producers and workers' rights by providing a socially responsible, safe and healthy workplace in compliance with national laws and the International Labour Organization's (ILO) conventions. In particular, with ILO conventions C29 (1930) and C105 (1957) preventing forced or compulsory labour in all its forms. C87 (1948) establishing the right to form and join organisations. C87 (Ibid.) and C98 (1949) promoting freedom of association and the right to collective bargaining. C100 (1951) calling for gender equality and C111 (1958) calling for elimination of discrimination on grounds of race, colour, sex, religion, political opinion, national extraction or social origin. C138 (1973) aiming for the abolition of child labour and C155 (1981) about occupational safety and health.

Finally, the Fairtrade system promotes sustainable development by strengthening producers' organisations and encouraging better environmental practises, given the fact that it promotes organic production and bans the internationally recognised most dangerous chemicals, the infamous "dirty dozen". It is also important to state that all of these principles are integral parts of all Fairtrade standards¹⁸.

¹⁸ Standard for Small Producer Organisations (Fairtrade International 2011c), Standard for Hired Labour (Fairtrade International 2011d), Standard for Contract Production (Fairtrade International 2011e), Trade

| Fairtrade principles: | Will be achieved by: |
|---|---|
| 1. Strive for an altered global economic system | - providing financial, technical and organisational support to producers; - raising awareness in the Global North and the Global South; - campaigning for changes in trading rules and practice of the contemporary global economic system. |
| 2. Different way of doing business | - insisting on transparency and accountability; - treating producers and consumers with respect; - providing full market information; - facilitating market access. |
| 3. Better trading conditions | - paying fair remunerations; - pre-harvest/pre-production financing; - supporting long-term commitments. |
| 4. Securing producers and workers' rights | - providing socially responsible, safe and healthy workplace in compliance with national laws and ILO conventions. |
| 5. Sustainable development | - strengthening producers' organisations; - encouraging better environmental practises (especially organic production); - banning dangerous chemicals. |

Table 12. Five core groups of Fairtrade principles (FINE 2001 and others).

The first monetary benefit is the guaranteed Fairtrade minimum price, which covers the costs of living and sustainable production. It is intended to provide producers and workers with "...sufficient income to cover their costs of production and provide for their families" (Nicholls and Opal 2005, p.41). In particular, when the global prices are below the sustainability levels and particularly in volatile commodity markets (Murray and Raynolds 2007, p.5). However, if the market price exceeds the Fairtrade minimum price, the producers and workers will receive the former. For some products, the Fairtrade minimum price is the same for all (for example, cocoa and coffee) and for others (for example, fresh fruits), it varies by countries (Smith 2010, p.261).

The second monetary benefit, the Fairtrade premium, is a separate payment allocated for social and economic development in the producing communities used for improvements in health care, education, social facilities and productivity, or the reduction of their reliance on single commodities (Fairtrade International 2012b and Fairtrade International 2011a). Fairtrade premium, which is seen by many as the most important contribution of the Fairtrade system (Smith 2009, Utting-Chamorro 2005, DFID 2000 and others) funds the following:

Standard (Fairtrade International 2011f) and a number of product standards for small producer organisations and hired labour (Fairtrade International 2012e).

- Broader community projects, i.e. roads, electricity, sanitation, schools, clinics (Murray and Raynolds 2007, p.5);
- Business developments such as credit schemes (Milford 2004, p.53), weighing, measuring and other technical equipment (Parrish et al. 2005, p.184);
- Product quality improvements (Raynolds et al., 2004).

In 2011, for example, the total Fairtrade premium paid to Fairtrade producers was €65 (\$72.7, £47.24, RSD7,809.08) million (Fairtrade International 2012c, p.3). Again, both monetary benefits are parts of the Fairtrade standards and their implementation is constantly monitored.

| Fairtrade monetary benefits | Aiming to: |
|------------------------------------|--|
| 1. Fairtrade minimum price | - cover costs of living and sustainable production. |
| 2. Fairtrade premium | - fund developmental projects in producers' communities. |

Table 13. Two Fairtrade monetary benefits (FINE 2001 and others).

In order to explain these two monetary benefits in more detail, I will put forward one practical example - the price of cocoa beans. From 2011, the Fairtrade minimum price of cocoa beans is \$2,000/t and the Fairtrade premium is \$200/t (Fairtrade International 2015a). When the world price is below the stated Fairtrade minimum price, i.e. below \$2,000/t, (for example \$1,800/t), the Fairtrade producers will get the Fairtrade minimum price (\$2,000/t), plus the Fairtrade premium (\$200/t), which is in total \$2,200/t (instead of \$1,800/t).

On the other hand, when the world price is higher than \$2,000/t, (for example, \$2,200/t), the Fairtrade minimum price will be \$2,200/t, augmented by the Fairtrade premium of \$200/t, which means that Fairtrade producers will receive \$2,400/t in total (instead of \$2,200/t). Therefore, Fairtrade producers are always better off, getting a higher price, both when the market price is below and above the Fairtrade minimum price.

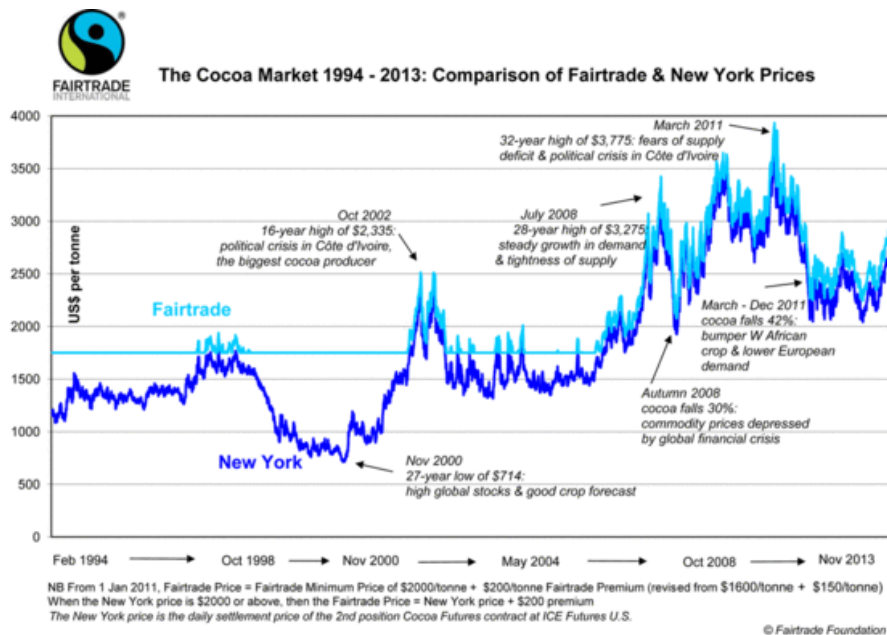


Chart 1. Comparison of Fairtrade and New York Cocoa Prices (Fairtrade International 2015a, p.4).

The reason why the Fairtrade premium is always paid, even when the world price is high enough to enable decent living and sustainable production is partially ethical, since the aim of the Fairtrade system is for this premium to be used for community based projects. However, it is also commercially driven, since "[r]equiring Fair Trade importers to pay the social premium even when the market is high represents an attempt to offer farmers incentives to sell to the Fair Trade market, even when non-Fair Trade market prices are high, to ensure the sustainability of the market" (Nicholls and Opal 2005, p.47).

Before concluding this section, I will put forward the critiques coming from the Fair Trade literature regarding the two monetary Fairtrade benefits in general and the Fairtrade minimum price in particular.

Fairtrade Minimum Price and Fairtrade Premium Critiques

Critics coming from both neoliberal and radical theoretical standpoints assert that even if the Fairtrade system as a whole is not insignificant and that it can positively influence

the market, its impact upon small-scale poor producers is marginal at best, because the proportion of the final selling price returned to them is very small (see for example Booth 2011, Lindsey 2004 and others). Factually, this is correct, and the example of coffee, which offers one of the best ratios between retail and Fairtrade minimum price offered to the Fairtrade producers illustrates how wide the gap between those two figures is.

Today, the Fairtrade minimum price for coffee is \$1.40 per pound for nonorganic washed Arabica and a minimum US 30 cents higher for organic (Fairtrade International 2015b). However, it still represents around 20 percent of the retail price as it did almost 10 years ago (Jaffee 2007, p.25). Even when the Fairtrade minimum price represents 20 percent of the retail price, it still includes all additional transport and administrative costs. By the time the funds reach an individual Fairtrade farmer, they rarely represent more than 10 percent of the retail price (Ibid.).

Lamb's (2008) rejoinder highlights that even a 2p, instead of 1p return to producers already represents a 100 percent increase for them, and that the reason why it is not higher is not the fault of the Fairtrade system, but rather reflects the multiple margins structure (exporters/importers, manufacturers/processors, wholesalers, retailers, etc.), typical in contemporary economic and food systems. Even though she offers numerous arguments to support her position (Ibid.), certain points should be raised regarding the issue of the Fairtrade minimum price in particular, and again, I will focus on the case of coffee.

The Fairtrade minimum price for coffee was raised just a few times, and the current price is less than 20% higher than the previous (Fairtrade International 2015b and Jaffee 2007). On the other hand, Jaffee points out that, for example, *Michiza*, one of the biggest producer groups in Mexico, experienced a rise in operating costs by a factor of three (Ibid.).

At the same time, the costs of living continue to rise year on year. Although the costs of production are still covered by the Fairtrade minimum price, which is one of the main

principles of the Fairtrade system, for the first time, there is a question if the costs of living are met (in Bastian 2006, p.8). "With school fees, hospital costs, funerals and other obligations, most cannot meet their basic needs, even though most are able to eat year-round. They therefore have to depend on other [non-Fairtrade] crops, livestock palm wine, petty trading and non-agricultural activities" (Nelson and Pound 2009, p.10).

Aguilar demonstrates this problem on the practical example of Fairtrade in Bolivia (in Nelson and Pound 2009). He pointed out that the average annual income of Fairtrade farmers is \$900 (€804.65, £584.83, RSD96,670.25), which is above the poverty line which he puts at \$812 (€725.97, £527.65, RSD87,218.05), but far from the annual income that he considers sustainable, i.e. \$1,791 (€1,601.25, £1,163.82, RSD192,373.79) (Ibid.). Finally, Professor Pablo Perez Akaki, Fair Trade researcher at the Universidad Nacional Autónoma de México, responded to my question if the Fairtrade minimum price is a sustainable by stating the following: "[I]t is not sustainable, because a coffee producer is not just a coffee producer... He is also producing corn, kidney beans for selling and for consumption, but he also works in the town for getting more money, maybe his wife is also making some handcrafts for selling. Maybe some of the children are in schools, or also working part-time... Fairtrade coffee is just part of the income but it isn't sufficient to transform the economy of the household, or the town, nor the region. It is helpful, but not enough" (2013, interview, 52:50, audio 1).

Previously, the Fairtrade system did not fully grasp these critiques and failed to respond to them appropriately. The following examples support this point. In an interview by Jaffee conducted with Paola Ghiliani, the president of Fairtrade International and the CEO of Max Havelaar Switzerland at the time, the latter pointed out cooperative management failure whenever the Fairtrade minimum price does not cover the costs of production and living. "[T]hen they have a problem with the administration of their cooperative, and they can vote in their general assembly... and change the president, or the administrator" (in Jaffee 2007,

p.240). Jaffee stated that he was astounded by this answer since "this is one of the most influential people in the international fair-trade system, yet, rather than ask about local conditions or express concern about the problem, she assumes that the cooperative's leadership must be inefficient or corrupt" (2007, p.240).

In defence of Paola Ghiliani's general position, Berndt's research (2007) points out corrupt Latin American Fairtrade producer organisations and their managers, who allegedly resold, as Fairtrade, beans which were purchased from local, non-Fairtrade producers. In doing so, they diverted both a part of the profit and the Fairtrade premium to their pockets. However, the findings of this study are certainly the exception rather than the rule in the Fair Trade literature, since no further studies support her claims. This is mostly due to the fact that in practice, FLO-CERT rigorously controls and audits Fairtrade producer groups and decertifies the ones which are not in line with Fairtrade standards (Nelson and Pound 2009). However, this still does not justify an *a priori* rejection of the possibilities that the current Fairtrade minimum price, for a particular product does not enable sustainable production in a particular geographic area, even if it did just a year ago.

At present, the Fairtrade system has apparently come to terms with this issue. According to one of Fairtrade International's latest reports, during the last few years, nearly 80 percent of monetary benefits were revised and Fairtrade producers actively participated in all the revisions (2012c, p.8). In turn, this seems to suggest that Fairtrade International has begun to constantly monitor and adjust them.

Secondly, it is generally unknown that Fairtrade International's Fairtrade minimum price is not a farm-gate price, i.e. the one the Fairtrade farmers actually receive, but a price set at the organisational (cooperative) level (Jaffee 2007, p.248). "The fact that the fair-trade minimum price is not a farm-gate price - a guaranteed per-kilogram rate to the producer - makes the entire situation much less stable... [Fairtrade International] should adjust the base

price so that it again provides a living wage... This change might involve varying the base price to reflect national or regional contexts and the needs of different types of producers or organizations" (Ibid., pp.238-248). This is particularly true when it is known that there can be a number of deductions before the funds reach poor and marginalised small-scale producers for "organisational, production or processing costs or improvements, for social and environmental programmes, and for servicing debt payments" (Nelson and Pound 2009, p.9).

Not only is the Fairtrade minimum price not the farm-gate price, but during the last decade in which it experienced the fastest growth, Fairtrade International was considering, several times, to abandon the concept of the Fairtrade minimum price altogether (Jaffee 2007, p.248). Only recent changes in the structure of Fairtrade International's General Assembly, which now consists of 50 percent of Fairtrade producers' representatives (Fairtrade International 2013a, p.19), guarantee that this issue is off the agenda.

In addition, beginning in 2004, Fairtrade International required for producer groups to pay for their own certification. This move was justified by the aim for the future Fairtrade producers to be more responsible towards the system (Lamb 2011). These inspection costs are very high from the perspective of the poorest producer groups (Jaffee 2007, p.248). "These fees impose a new financial burden on cooperatives - especially the smaller ones - and will thus reduce producers' income. The two cents per kilogram (a penny a pound) represents about 20 percent of the license fees paid by well-off Northern roasters" (Ibid., p.227).

In order for the Fairtrade system to continue to develop and thrive, it is essential for the monetary benefits to be constantly re-evaluated, especially in the current economic climate in which the poor and marginalised producers are hit hard by the aftermath of the global economic and food crises. On the other hand, Jaffee, who had strongly criticised a number of aspects connected with the contemporary Fairtrade minimum price, also concluded that even when all of the above-mentioned shortfalls are included, Fairtrade producers

nevertheless still receive more money than their non-Fairtrade neighbours, even after deducting all other costs (Ibid., p.123).

Following this point, numerous researchers have come to the conclusion that Fairtrade producers are not in the Fairtrade system exclusively for the money. According to Murray and Raynolds "producers and workers also have been drawn to Fair Trade's promise of broader social benefits, including the support for rural livelihoods and rural communities, for local autonomy, and in some cases for the promotion of indigenous rights" (2007, p.8). Therefore, they stay because of the organisation that inserts them in the market and the fact that they know where their coffee is going (Jaffee 2007, p.244).

Finally, I will put forward two impressive examples of the impact of the Fairtrade premium in Costa Rica identified by Ronchi (2002a and 2002b). Firstly, an educational fund was established courtesy of the Fairtrade premium, helping hundreds of students to graduate from high school and supporting the work of nearly one hundred schools. Secondly, around 100,000 people gained access to medical attention and prescriptions, at the cost of mere 2 percent of the Fairtrade premium earned from just one purchase.

Therefore, "it is apparent that [the Fairtrade] system has a real impact... but in different ways, more complex and sometimes less dramatic, than one might expect after reading the promotional literature of some fair-trade organisations" (Jaffee 2007, p.132). That being said, it is also important to repeat once again that, after all, the Fairtrade system is not perfect since, according to its supporters, "[i]t's not perfection guaranteed; it's [only] a better deal guaranteed" (Lamb 2008, p.171).

3.2. Structure of Fairtrade System

Fairtrade Producers

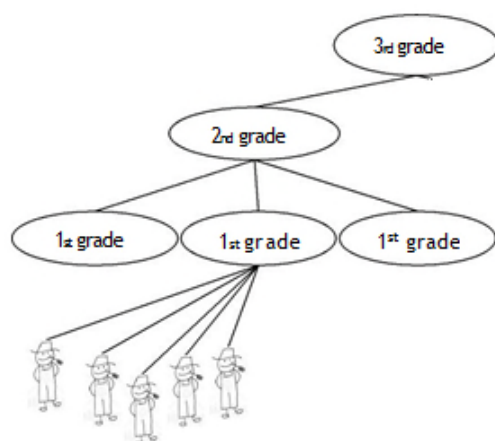
Given the fact that the Fairtrade system aims to put "a face and a name to the process of international trade" (Watson 2007, p.272), I will start the discussion about the key referent objects of the Fairtrade system with 1.4 million Fairtrade producers (Fairtrade International 2014a, p.3). According to the Fairtrade standards (Fairtrade International 2011c, Fairtrade International 2011d and Fairtrade International 2012e), Fairtrade producers are divided into two specific categories, small-scale producers and workers/hired labour¹⁹.

Poor and marginalised small-scale producers cannot individually join the Fairtrade system. In order to become members, they must be organised into groups, because, according to Lamb, as long as they remain isolated smallholders or workers, they are unable to "...change their position in global trade or [to] ensure they get a fair price" (2008, p.19). Depending on structural complexity, poor and marginalised small-scale producers are organised in first, second and third grade organisations.

The first grade organisation "is a legally formed Small Producer Organization which is able to contribute to the social and economic development of its members and its communities and is democratically controlled by its direct members" (FLO-CERT 2015, p.3). They are the most numerous form of Fairtrade producer organising (76 percent) and the vast majority of their members are small-scale producers (Ibid.). The second grade organisation "is a Small Producer Organization formed by 1st grades (members) which are legally affiliated to the 2nd grade. The 2nd grade is democratically controlled by their direct members. The 2nd grade organisation provides central services for its members" (Ibid.). Finally, the

¹⁹ It is worthwhile reiterating that my doctoral research deals with the former.

third grade organisation "is a Small Producer Organization legally formed by their affiliated 2nd grades" (Ibid.). The number of the first, second and third producer organisations have grown during the last two decades of the Fairtrade system's development and currently there are 1,210 of them, with producers coming from 74 countries, all in the Global South (Fairtrade International 2014a, p.3).



Graph 1. Illustration of the 1st, 2nd and 3rd grade small producer organisations (FLO-CERT 2011, p.8).

These groups are further united through three biggest regional producer networks - the Coordinator of Fairtrade Small Producers in Latin America and the Caribbean (CLAC), the African Fairtrade Network (AFN) and the Network of Asian Producers (NAP). Together, they form a cluster of Fairtrade producer networks - "CAN" (CLAC-AFN-NAP), which main objective is to represent their members on Fairtrade International Board's meetings.

It is important to point out that the evolution of their Board²⁰ participation was very slow and that Fairtrade producers had to fight long and hard for their place under the Fairtrade sun. In 1998, a year after Fairtrade International was created, producer

²⁰ Fairtrade International's Board is "primarily responsible for the strategic direction... financial management, risk management and employment of the Chief Executive of the association. The board also appoints the members of the following FLO committees: Standards, Finance and Nominations" (FLO-Cert 2011, p.11).

representatives began attending Board meetings for the first time as observers. Two years later, they actually became equal members in the Board, although, even up until today, they do not represent 50 percent of the members of the Board. "FLO's Board of Directors is elected and ratified by the General Assembly. It is composed of: 5 representatives of the Labelling Initiatives (LI), 4 representatives of Fairtrade Producer Organizations (at least one from each of the regional Producer Networks), 2 representatives from Fairtrade Traders, 2 external independent experts. The Chair of the Board leads its activities" (FLO-CERT 2011, p.11).

On the other hand, it is also important to point out that from 2012, fifteen years after the formation of Fairtrade International, Fairtrade producers finally constitute 50 percent of Fairtrade International's General Assembly, its highest decision-making body. This development will make them "50 percent owners of Fairtrade, with an equal say in major decisions affecting the system" (Fairtrade International 2012c, p.4, see also Fairtrade International 2013a, p.19). Hopefully, this is the first step towards their equal representation in Fairtrade International's Board as well. Fairtrade producers will be the main topic of discussion in chapters V and VII, where they will be presented in more detail relevant for my doctoral research.

Fairtrade Traders

Upon production, Fairtrade products are sold to Fairtrade certified international traders, i.e. exporters/importers, manufacturers/processors, wholesalers and retailers and currently there are thousands of them worldwide (FairValley Farmworkers Association 2015). Particularly important to the Fairtrade system are the 100 percent Fair Trade companies based solely on the Fair Trade principles whose production is entirely based on Fairtrade products.

Also significant, especially for the process of Fairtrade mainstreaming are the biggest companies like Cadbury, Ben & Jerry's or Mars that produce some of their products from Fairtrade ingredients. However, it is important to reiterate that the FAIRTRADE Mark is merely a product mark. If, for example, Mars' Maltesers is made from Fairtrade ingredients, only this product is certified as Fairtrade, and not the whole company. Finally, the strongest Fairtrade mainstreamers are retailers, among which, in turn, supermarkets are the strongest. The latter will be at the core of my research attention. Fairtrade traders will be the main topic of discussion in chapters VI and VIII where they will be presented in more detail relevant for my doctoral research.

National Fairtrade Organisations and Fairtrade Marketing Organisations

The above-stated companies are certified by NFOs, which are members of Fairtrade International. Currently, there are 24 NFOs (twenty three in the Global North²¹ and one in South Africa) alongside two applicant members, from Mexico and U.S.²² (Fairtrade International 2015c and Fairtrade International 2012d). NFOs are responsible for "...licensing, marketing, business development and awareness raising in a defined geographical area. [They have] ...the right to sub-license the FAIRTRADE Certification Mark to licensees and third parties within their area. [Some NFOs] ...are responsible for trade audits in their territories" (Fairtrade International and WFTO 2011, p.1).

²¹ 23 NFOs from the Global North are: Australia, Austria, Belgium, Canada, Denmark, Estonia, Finland, France, Germany, Ireland, Italy, Japan, Latvia, Lithuania, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland and United Kingdom.

²² It is important to point out that from 2012 the Fair Trade USA (FTUSA) is not a member of Fairtrade International anymore and that Fairtrade International is in the process of establishing a new NFO in U.S. (Fairtrade International 2012c, p.19).

If there are no NFOs in a particular country, FMOs are responsible for promotion, support and sub-licensing of the FAIRTRADE Certification Mark²³ to third parties - journalists, campaigners, etc. in their country or region, while the licensing is the responsibility of Fairtrade International, since in that case, it licenses companies directly. Therefore, in many ways, FMOs are similar to the national Fairtrade organisations, although, they are not full members of Fairtrade International. Currently, there are seven of them, in Brazil, Czech Republic, Hong Kong, India, Kenya, Slovakia and South Korea (Fairtrade International 2015c).

If a country does not have an NFO or an FMO, then the promotion of Fairtrade is the responsibility of the local pro-Fairtrade non-governmental organisations and informal grassroots groups and movements, which is, for example, the case in Serbia. Fairtrade International is again responsible for licensing companies directly.

Fairtrade International

The system as a whole is governed by Fairtrade International, which is a "...multi-stakeholder, non-profit organisation focus[ed] on the empowerment of producers and workers in developing countries through trade" (Fairtrade International and WFTO 2011, p.1). As mentioned, it involves twenty four NFOs (plus two associate members), three producer networks and seven FMOs which are associate members. Fairtrade International is recognised by the ISEAL, the global association for social and environmental standards, and "[a]n independent assessment in 2011 confirmed that Fairtrade is in full compliance with the ISEAL Standard-Setting Code" (Fairtrade International 2012c, p.8).

²³ "The FAIRTRADE Certification Mark ('FAIRTRADE Mark' or 'Mark') is a registered trademark owned by FLO and sub-licensed to... [FMOs]. The FAIRTRADE Mark is only for use on consumer retail products that have met the Fairtrade Standards, and for the promotion of such products by licensees, certified operators and third parties" (Fairtrade International and WFTO 2011, p.3).

Fairtrade International itself is highly structured. Its core organisational units comprise its General Assembly, which is the highest decision-making body, and Fairtrade International's Board, which is responsible primarily for the strategic decisions, financial and risk management, as well as for the appointment of Fairtrade International's CEO. In addition, Fairtrade International is funded by, firstly, membership fees from FMOs, which are calculated "as a percentage of the licence fee income of each labelling initiative" amounting to €7.8 (\$8.72, £5.7, RSD937.09) million in 2011 (Ibid., p.16). Secondly, from grants, amounting to €7.1 (\$7.94, £5.16, RSD853) million in 2011, part of which lies in restricted funds, that may be used solely for the already arranged programmes (Ibid.).

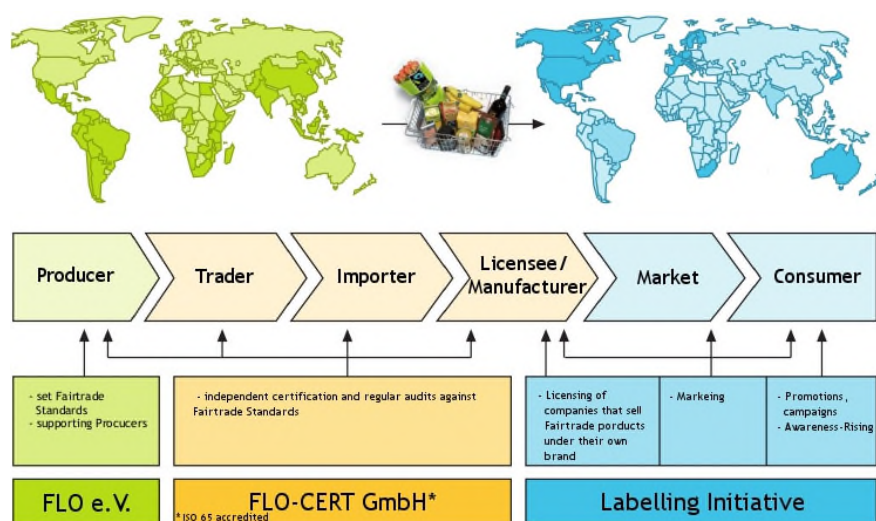
FLO-CERT

With the development of the Fairtrade system, the need for a more independent certification grew, a necessity experienced by a majority of rapidly evolving ethical initiatives in light of their demand for increased legitimacy and credibility (Gereffi et al. 2009 and Raynolds and Wilkinson 2007). Therefore, monitoring by FLO-CERT commenced. "FLO-CERT is the independent Fairtrade certification body offering Fairtrade certification services to clients in more than 70 countries. [It is] a private limited company" (Fairtrade International and WFTO 2011, p.1).

In addition, it "...evaluates Fairtrade certification applications, verifies compliance with the Fairtrade Standards during audits, and decides whether Fairtrade certification can be granted or not. Certificates are issued as proof of successful Fairtrade certification, and as authorization to trade Fairtrade products" (Ibid.). FLO-CERT is therefore a part of the Fairtrade system, since it "provides services for certification against standards" (FLO-CERT

2011, p.11) set by Fairtrade International and since it is "a wholly owned subsidiary of Fairtrade International" (Ibid.).

However, FLO-CERT's independence comes from the fact that it is "exclusively funded by the fees it charges to its clients" and not by Fairtrade International (Ibid., p.13) and its rigorous certification audits, which already decertified numerous Fairtrade producers and traders (Nelson and Pound 2009), confirm its autonomy. The integrity of the Fairtrade system is finally guaranteed by the fact that FLO-CERT only offers the certification, i.e. the proof of compliance with the Fairtrade standards, and once certified, Fairtraders must contact Fairtrade International or an NFO in order to use the FAIRTRADE Mark (FLO-CERT 2011, p.7).



Graph 2. Fairtrade certification process (FLO-CERT 2011, p.5).

Although starting with a modest palette of products for which it offered certification (in 2006 the number was around 100), today, FLO-CERT covers the certification of over 300 raw products (Fairtrade International 2012c, p.8). These standards are binding, and decertification due to non-compliance is not uncommon. The certification process starts with the application process, and the fee in the case of small-scale Fairtrade producers is €538 (\$601.75, £391.03, RSD64,635.12) and it is non refundable (FLO-CERT 2015, p.4).

Furthermore, it is necessary for them to pay a one-time initial certification fee for the first 12 months ahead of the first audit. The cost of the procedure depends on the size of the organisation, its complexity as a first, second or third grade organisation, whether it certifies only one main Fairtrade products (for example coffee), whether it offers additional Fairtrade products (for example, honey in addition to coffee) and whether it employs additional labour during the harvesting season.

The table below is based on an illustrative example stated in FLO-CERT document (2011, p.5). It is based on the certification of a first grade Fairtrade coffee producer organisation (simplest organisation), with 200 producers, with one additional product (honey) and with 50 additional workers during harvesting season.

| First grade organisation indicators | Factor | Individual fee | Total fee charged |
|--|---------------|-----------------------|--------------------------|
| Members - 101 - 250 | x 1 | € 2,306 | € 2,306 |
| Additional products | x 1 | € 184 | € 184 |
| Additional workers - 11 - 100 | x 1 | € 420 | € 420 |
| | Sum: | | € 2,910 |

Table 14. Example of Fairtrade certification (FLO-CERT 2015, p.5).

Therefore, together with the initial €538 (\$601.75, £391.03, RSD64,635.12), 200 poor and marginalised small-scale coffee producers, who have an additional Fairtrade product - honey and who hire 50 additional workers during the harvesting season, have to pay €3,448 (\$3,856.59, £2,506.07, RSD414,241.46), or around €17 (\$19.01, £12.36, RSD2,042.37) each. This is the price before audits and fees, charged additionally depending on the size and complexity of the organisation, its production volumes and its geographic location. In addition, FLO-CERT enforces three- and six-year re-certification cycles, during which, "surveillance activities are performed in order to make sure that all relevant requirements of the Fairtrade Standards are complied with. Before the end of a certification cycle and the start of a new cycle, a physical audit must take place" (FLO-CERT 2011, p.20).

Fairtrade Consumers

The end of the supply chain features the third most important element of the system, the sensitised consumers who buy Fairtrade products. My understanding of a Fairtrade consumer is to a large extent in line with Hayes stating that this term is used to "refer to those who... support fair trade by purchase, investment, donation or activism" (2006, p.449). Usually, the first conscious Fairtrade consumers in any national Fairtrade market often tend to be the first Fairtrade campaigners as well.

According to a GlobeScan survey conducted in 17 countries worldwide, nearly 60 percent of consumers clearly recognise the Fairtrade mark and 90% of them trust it (Fairtrade International 2014a, p.18). Unlike the range of less than one hundred products which were certified as Fairtrade at the system's founding, their number had grown to a few thousands by 2007 (Lamb 2008, p.68), and currently, Fairtrade consumers can choose from among 30,000 Fairtrade products (Fairtrade International 2014b, p.3), with new market entrants like garlic, pomegranates, star fruit and palm hearts (Fairtrade International 2013a, p.14). Globally, consumers in over 125 countries can buy them (Fairtrade International 2014a, p.20). Fairtrade consumers and especially Fairtrade campaigners will be the main topic of discussion in chapters VI and VIII where they will be presented in more detail.

Critiques of Fairtrade System's Internal Politics and Recent Developments

Following the presentation of the Fairtrade system's structure and general *modus operandi*, now I will deal with the issues regarding its internal power relations. This can also be seen as an introduction to the final two sections explaining in detail one of the issues of the

Fairtrade system's internal politics - the existence of the Global North - Global South divide and the position of Northern upper-middle-income economies.

I identified three main points raised by Fair Trade scholars (Watson 2007, Low and Davenport 2006, Schmelzer 2006, Lyon 2006, Dankers 2003, Johnston 2002, Mendez 2002, Perezgrovas and Cervantes 2002, Raynolds 2000, Fisher 1997 and others) regarding the current power dynamics inside the Fairtrade system. Firstly, the imbalanced relations between Fairtrade producers and consumers. Secondly, the question of pyramidal bureaucratic set up of Fairtrade International and finally, the question of Fairtrade International's internal democratic practices and with it connected, current and future changes in Fairtrade International's General Assembly and Board.

Starting with the imbalanced relations between Fairtrade producers and consumers, I will firstly point out that Fairtrade consumers are in a position to learn a great deal about Fairtrade producers and in the case of some products, to identify the exact Fairtrade producer organisation from which the products came. They can even visit Fairtrade producers in their home countries, on their farms, through organised tours offered by Traidcraft, for example.

On the other hand, Fairtrade producers are often completely unaware of the consumers who buy Fairtrade products. As Watson (2007) has suggested, Fairtrade producers "will be aware that their products are being sold, and they will also be aware when their products are sold with official fair trade accreditation, but they will not know *which* consumers they are trading with" (Ibid., p.283). Therefore, the practice of "mutual imaginative reconstruction" (Ibid.) is something that the current Fairtrade system is unable to always offer, therefore, creating "an important asymmetry in the structure" (Ibid.).

Even when the Fairtrade producers are not completely unaware of their Fairtrade consumers, their understanding often goes from antagonistic to utopian. I will illustrate the first situation by an example of a cooperative manager who went to a country where Fairtrade

products are consumed. When he came back "he regaled members with stories of the coffee shop he visited, which cups of the co-operative's coffee were three dollars [(€2.71, £1.29, RSD325.67)] each. During interviews, several members recounted this price in disbelief. For example, one demanded to know, 'How many cups of coffee can be made from one pound?' In asking this question, they acknowledged the vast differences between themselves and wealthy consumers in the North" (Lyon 2006, p.458).

They realised what Johnston has pointed out in her research (2002), i.e. that the Fairtrade system, although maybe the best alternative they have at the moment, is far from being perfect, due to the fact that Fairtrade consumers are neither paying the Fairtrade producers what they make, nor do they consume at Fairtrade producers' levels.

On the other hand, an example of the second situation is offered by Fisher who explains that a number of Fairtrade producers imagine developed countries as the land of milk and honey (1997). This lack of awareness regarding their position in the Fairtrade system and the knowledge about the other key elements in the Fairtrade chain is, according to Renard (2003), a sign of a deeper problem regarding Fairtrade International's internal organisation, which is the next point which I will tackle.

Jonathan Rosenthal, a founder of Equal Exchange and the director of Just Works at the time, recalls an early Fairtrade International meeting with producer representatives as follows: "We say we're here to serve producers, but we want to tell them what to do" (in Jaffee 2007, p.228). Rentería illustrates the behaviour of Northern certifiers: "By 1992, when the organic certifiers came, we had already done the quality controls... A Swiss inspector came [to perform the required organic inspection], and he didn't believe it. He said, 'Indigenous people are not capable of doing this. It's a show.' We were furious" (Ibid., p.87). Up until recently, when this practice changed (Fairtrade International 2013b) all Fairtrade certification was conducted solely by the Northern certifiers predominantly from Switzerland,

Germany and the U.S. and always under a latent threat of decertification, which would be an immediate cause of an economic ruin (Jaffee 2007, p.150).

Vander Hoff (2002) has therefore pointed out that the Fairtrade system, although progressive, is still comparable to a pyramid whose top seldom communicates with its base. In line with this point is Dolan (2007) stating that Fairtrade producers perceive Fairtrade International often as a form of control, as well as Moberg (2005) who pointed out that the Fairtrade producers sometimes recognise Fairtrade International, not as a partner, but more as an outside agency. Consequently, even though "progress has been made towards greater democratisation" (Lyon 2006, p.460), there are still issues that Fairtrade International have to deal with.

In 2012, Fairtrade International marked a milestone in its internal evolution and development toward a truly global and democratic organisation. Since then, Fairtrade producers constitute 50 percent of Fairtrade International's General Assembly, finally becoming "50 percent owners of Fairtrade, with an equal say in major decisions affecting the system" (Fairtrade International 2012c, p.4, see also in Fairtrade International 2013a). Primarily and above all, this was a victory of the Fairtrade producers, but certainly, Fairtrade campaigners and Fair Trade scholars who had recognised this democratic and power balance deficit supported them. In addition, the Fair Trade literature continues to criticise the next big issue in Fairtrade International's internal organisation, the fact that Fairtrade producers do not yet represent 50 percent of the members of Fairtrade International's Board.

Before I conclude this section, I would like to put forward Lyon's (2006) general point. Lyon has stated that all the above-mentioned critiques, including her own, "offer no constructive alternatives to fair trade or ethical consumption more broadly. Therefore, rather than discarding the system, it would be wiser to resolve its inconsistencies" (Ibid., p.461).

This understanding guides me as well, especially regarding the issues to be discussed in the next two sections.

3.3. Fairtrade System and Global North - Global South Divide

The issues of imbalanced relations between Fairtrade producers and consumers, the question of pyramidal bureaucratic set up of Fairtrade International and the question of internal democratic practices can be summed up in one sentence, and that is that the Fairtrade system is still based on the relations between "global [raw material producing] South and... the consumer North" (Jaffee 2007, p.xiv). Therefore, the fragments of the old Global North - Global South divide are still present in the Fairtrade system. Consequently, one of the most complex critiques of the current Fairtrade system is that it maintains the divide, i.e. division between the Fairtrade raw material producing Global South and the Fairtrade trading and consuming Global North and it is coming from both expected and unexpected sources.

Some of the critics coming from the radical perspectives (see more in: Lyon 2006, Jones 2004, Starr and Adams 2003, Johnston 2002, Shreck 2002 and others) ask if the Fairtrade system normalises the old and establishes new global inequalities, and if it is based on old colonial trade relationships, especially by strongly encouraging cash-crop export production and excluding the Southern participants from the decision making processes. In addition, Jenni Ramone, co-director of the Centre for Postcolonial Studies at the Nottingham Trent University, has pointed out that today's neo-colonialism is not like the one in the past, but far more subtle. She has also remarked that the old trade relations are masked and that the systems like Fairtrade, although certainly not neo-colonial, can be partially observed from this perspective (2011, pp.10-13).

In addition, some of the strongest supporters of the movement and its biggest academic allies, Nicholls and Opal (2005) and Jaffee (2007) inquire as to why Fairtrade products cannot be sold on a larger scale in the Global South, and call for changes in this respect. According to them, encouraging Fairtrade sales in developing countries is one of the most important future projects of the movement. "The current focus on Northern markets needs to be balanced by recognition of the opportunities offered by Southern markets, many of which are producer-local. These markets can be accessed without significant shipping costs or wholesaler intervention and would permit a re-engineering of the value chain to offer end pricing that is suitable for consumers in developing countries... The development of successful local markets not only adds to overall sales but also diversifies risk, particularly of currency fluctuations" (Nicholls and Opal 2005, pp.242-243). This is a direct call for exploring the possibilities of creating national Fairtrade-like systems as well and my doctoral dissertation is the first which will answer it in regard to one of the producer-excluded upper-middle income economies, Serbia, which will be discussed in detail in chapters VII and VIII.

Raynolds and Wilkinson have argued in support of this in that the "[s]hifting global investment patterns are promoting South to South trade and domestic markets in the South in both dominant commodity arenas and alternative arenas like Fair Trade" (2007, p.34). The UNDP substantiates these claims quantitatively, stating that "between 1980 and 2011, South-South trade increased from less than 8% of world merchandise trade to more than 26%" (2013, p.2).

The immediate response from Fairtrade International is that Fairtrade products are sold in around 125 countries worldwide, which, by extension, includes numerous countries in the Global South (2014b, p.20). One of its most recent reports is rather enthusiastic about this when it identifies Fairtrade Eastern Africa as having been founded in Kenya "to the delight of local producers, NGOs and the government. Locally-grown Fairtrade coffee is already on sale

in Kenyan stores, as well as Cadbury Dairy Milk made with Fairtrade cocoa and sugar grown in Africa" (Fairtrade International 2013a, p.10). Although all of this is true, upon closer investigation, it is clear that the total worth of sales in the countries from the Global South is around 1.5 percent of total Fairtrade sales worldwide (Fairtrade International 2014a), thus challenging the quantitative relevance of Fairtrade International's rejoinder.

A category important to this critique, yet largely underexplored is the group of upper-middle-income economies. A part of them harbours Fairtrade production critical to the contemporary Fairtrade system, yet at the same time, their share in Fairtrade trade and consumption is irrelevant. The second part is completely outside the Fairtrade system and the final part is even prohibited from entering the system as producer-countries, for largely unconvincing reasons.

This paradox will be discussed in detail in the final section, however, now it is important to point out that all nine producer-excluded upper-middle-income economies are European countries and thereby considered to be a part of the Global North, even though by the level of their development, they are less developed than many of their Southern counterparts that are already in the Fairtrade system as producer-countries. Their progressive potentials regarding the Fairtrade system are not fully realised in practice and remain largely underexplored by the Fair Trade literature. Following one of Jaffee's maxims that precisely because Fairtrade "does make some difference... the system must be improved" (2007, p.246), this is the gap that I aim to bridge by focusing on one of the producer-excluded upper-middle-income economies, Serbia.

3.4. Fairtrade System and Upper-middle-income Economies

Continuing the discussion in the Introduction and the previous sections, I will now focus on the contemporary relations between upper-middle-income economies and the Fairtrade system, discussing them in detail.

As already stated, during the last two decades, according to the Fair Trade literature, the Fairtrade system and Fairtrade International's general *modus operandi*, all low-income, lower-middle-income and upper-middle-income economies (i.e. developing countries) are welcomed to join the system as countries where Fairtrade products are produced in primary production, traded and consumed. On the other hand, high-income economies (i.e. developed countries) can only be countries where Fairtrade products are produced in secondary production, traded and consumed.

However, as previously mentioned, upon a closer investigation of Fairtrade International's documentation in general and the Geographical Scope Policy of Producer Certification for Fairtrade International (Fairtrade International 2011b) in particular, it is clear that this internal normative and organisational logic is not followed in practice. Hence, there are two main groups of upper-middle income economies in regard to their current relations with the Fairtrade system. I classify them as producer-included and producer-excluded upper-middle-income economies.

Firstly, there is a group of forty-four upper-middle-income economies from the Global South allowed to have both the Fairtrade primary production and to trade and consume Fairtrade products. This group is divided into two subgroups. In the first, there are twenty-one economies (Fairtrade Foundation 2015a, p.1 and Fairtrade International 2014b, p.1) whose farmers and workers produce Fairtrade products and their Fairtrade traders and consumers are allowed to buy and to sell them. However, the sales of the Fairtrade products

in these countries are insignificant, less than 2 percent of total sales worldwide (Fairtrade International 2014a), even though many of them are leaders in production of a number of Fairtrade products.

The second subgroup consist of twenty-three economies, where Fairtrade products can be produced, traded and consumed, however, they are currently "outside of the Fairtrade system". The qualification "outside of the Fairtrade system" does not mean that in these countries there are no Fairtrade activities at all. However, firstly, they do not have official connections with Fairtrade International. Secondly, they are either truly completely outside of the Fairtrade system, with no Fairtrade sales or consumption of Fairtrade products whatsoever, or their Fairtrade activities are so insignificant that they are not even a part of the annual Fairtrade International's analysis.

| Two subgroups of Fairtrade producer-included upper-middle-income economies (44 economies) | |
|--|--|
| Fairtrade producing countries currently inside Fairtrade System (21 economies) | Fairtrade producing countries currently "outside" Fairtrade System (23 economies) |
| Belize | Algeria |
| Brazil | American Samoa |
| China | Angola |
| Colombia | Azerbaijan |
| Costa Rica | Botswana |
| Cuba | Dominica |
| Dominican Republic | Gabon |
| Ecuador | Grenada |
| Fiji | Iraq |
| Iran, Islamic Rep | Jordan |
| Jamaica | Libya |
| Kazakhstan | Malaysia |
| Lebanon | Maldives |
| Mexico | Marshall Islands |
| Panama | Mauritius |
| Paraguay | Mongolia |
| Peru | Namibia |
| St. Lucia | Palau |
| South Africa | St. Vincent and the Grenadines |
| Thailand | Suriname |
| Tunisia | Tonga |
| | Turkmenistan |
| | Tuvalu |

Table 15. Two subgroups of Fairtrade producer-included upper-middle-income economies.

The second group of upper-middle-income economies, which was also already briefly mentioned in the Introduction consists of nine European upper-middle income economies, hence, from the Global North, which are allowed to have Fairtrade traders and consumers. However, their poor and marginalised small-scale producers are forbidden from entering the Fairtrade system as primary producers and therefore, as already said, under a direct threat to become double-losers, potentially excluded from both the mainstream economy and the Fairtrade system.

I also divided them into two sub-groups, the first consisting of seven non-EU countries including Serbia together with Albania, Belarus, Bosnia and Herzegovina, Macedonia, FYR, Montenegro and Turkey and the second, consisting of two EU countries - Bulgaria and Romania. The division is due to the fact that one of the reasons for the exclusion stated by Fairtrade International, in the case of Turkey for example, is its relation with the EU (Fairtrade International 2011b). This categorisation shows that only two countries are inside the EU, and that Serbia is not one of them. In addition, in Chapter VII, a more detailed discussion will be put forward regarding the relation of a non-EU economy - Serbia and the EU and arguments why this is not a reason for exclusion.

| Two subgroups of Fairtrade producer-excluded upper-middle-income economies (9 economies) | |
|---|---------------------|
| Non-EU countries | EU countries |
| Albania | Bulgaria |
| Belarus | Romania |
| Bosnia and Herzegovina | |
| Macedonia, FYR | |
| Montenegro | |
| Serbia | |
| Turkey | |

Table 16. Two subgroups of Fairtrade producer-excluded upper-middle-income economies.

The rationale behind the exclusion of all poor and marginalised small-scale producers originating from these nine European upper-middle-income economies including Serbia are numerous, and will be tested below.

Question of GNI Per Capita

To begin with, the first and the most conventional argument for this exclusion is that the upper-middle-income economies in the Global North and their poor and marginalised small-scale producers are too developed to have Fairtrade production and that they "already have so much" (Crowther 2015, Fairtrade Foundation 2012, Fairtrade International 2011b, Fairtrade Supporter Conference 2012 - "Local and Fair" panel and Lamb 2008, see also in Brkovic 2013a). Nevertheless, just a short glance on the list of these countries clearly demonstrates that, by using the same methodology used by Fairtrade International to determine who can enter the Fairtrade system as a producer-country, the World Bank Atlas Method (World Bank 2015b and Fairtrade International 2011b, p.2), this contradicts logical reasoning.

A simple comparison of the GNI per capita (which is Fairtrade International 's key indicator) of, for example, Mexico and Chile contrasted with Serbia pinpoints glaring inconsistencies and proves that both countries, which are currently inside the Fairtrade system have a higher GNI per capita than the one which is forbidden to become a producer-country, because it is "more developed" and "has so much".

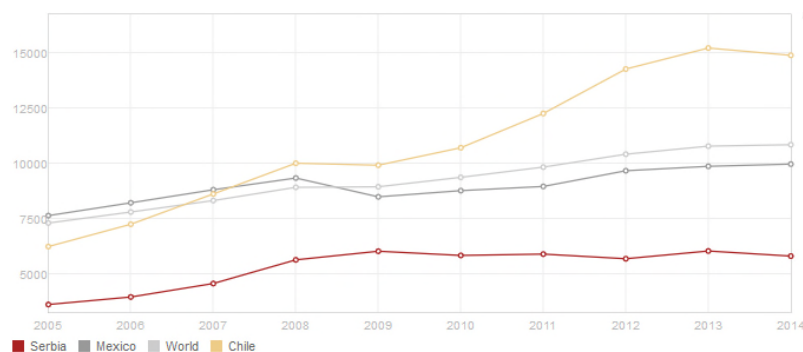


Chart 2. World Bank's GNI per capita chart of some of the current producer-included countries together with the world average (upper lines) contrasted with Serbia (bottom line) (World Bank 2015c).

When all upper-middle-income economies are brought into picture the situation according to this World Bank's classification is not significantly different.

| Ranking | Upper-middle-income economies | GNI per capita - 2014 |
|---------|--------------------------------|-----------------------|
| 1. | Brazil | 11,760 |
| 2. | Kazakhstan | 11,670 |
| 3. | Palau | 11,110 |
| 4. | Panama | 10,970 |
| 5. | Turkey | 10,850 |
| 6. | Malaysia | 10,660 |
| 7. | Mexico | 9,980 |
| 8. | Lebanon | 9,880 |
| 9. | Costa Rica | 9,750 |
| 10. | Mauritius | 9,710 |
| 11. | Romania | 9,370 |
| 12. | Suriname | 9,370 (in 2013) |
| 13. | Gabon | 9,320 |
| 14. | Turkmenistan | 8,020 |
| 15. | Libya | 7,920 |
| 16. | Botswana | 7,880 |
| 17. | Grenada | 7,850 |
| 18. | Colombia | 7,780 |
| 19. | Azerbaijan | 7,590 |
| 20. | Bulgaria | 7,420 |
| 21. | China | 7,380 |
| 22. | Belarus | 7,340 |
| 23. | Maldives | 7,290 |
| 24. | Montenegro | 7,240 |
| 25. | St. Lucia | 7,090 |
| 26. | Dominica | 7,070 |
| 27. | Iran, Islamic Rep. | 6,820 (in 2013) |
| 28. | South Africa | 6,800 |
| 29. | St. Vincent and the Grenadines | 6,560 |
| 30. | Iraq | 6,410 |
| 31. | Peru | 6,410 |
| 32. | Ecuador | 6,040 |
| 33. | Dominican Republic | 5,950 |
| 34. | Cuba | 5,910 (in 2011) |
| 35. | Tuvalu | 5,840 (in 2013) |
| 36. | Namibia | 5,820 |
| 37. | Serbia | 5,820 |
| 38. | Thailand | 5,410 |
| 39. | Algeria | 5,340 |
| 40. | Angola | 5,300 |
| 41. | Jamaica | 5,220 (in 2013) |
| 42. | Jordan | 5,160 |
| 43. | Macedonia, FYR | 5,070 |
| 44. | Bosnia and Herzegovina | 4,770 |
| 45. | Fiji | 4,540 |
| 46. | Belize | 4,510 (in 2013) |
| 47. | Albania | 4,460 |
| 48. | Mongolia | 4,320 |
| 49. | Marshall Islands | 4,310 (in 2013) |
| 50. | Tonga | 4,280 |

| | | |
|-----|----------------|-----------------|
| 51. | Tunisia | 4,210 (in 2013) |
| 52. | Paraguay | 4,150 |
| 53. | American Samoa | N/A |

Table 17. Fairtrade producer-included (green) and producer-excluded (red) upper-middle-income economies according to their GNI per capita (World Bank 2015b).

Although the highest ranking non-EU and EU economies, Turkey and Romania, are ranked relatively highly at 5th and 11th place, respectively, the majority of the producer-excluded economies are in the bottom half. Serbia is among them and it is ranked 37th, on a par with Namibia.

Moreover, two out of six developing countries, which according to the UNDP are doing especially well at the moment are Brazil and South Africa (2013, p.1). By contrast, Serbia, in the WEF's GCR (2013) quoted above, scored second worst in 20 identified categories, which is particularly worrisome regarding its future business developments. Furthermore, it is rated 92nd on the Fund for Peace's Fragile States Index (2015), again worse than the majority of other "producer-included" upper-middle income economies. For example, Mexico scored 8 places higher, while Chile is 58 places in front of Serbia (Ibid.).

According to Blagojevic, the current economic situation is worsening, especially in South Serbia (2013, interview). Unlike many other producer-included upper-middle-income economies during the last two decades, including Mexico, the already-stated major specific negative factors heavily influenced its development (Bogdanov et al. 2000). This is another argument for Serbia's repositioning and for a need of a more updated view showing that it is in the same camp as countries for whom special duties are often claimed, as discussed in the section on Fairtrade system and caring across spaces.

Question of Underdeveloped Regions

Confronted with this data, Cheryl McGechie, director of marketing at the Fairtrade Foundation stated that the GNI per capita may not be the best indicator (2013, interview²⁴), which I agree with. Secondly, the dominant Fairtrade discourse points to the fact that the first group of countries features heavily underdeveloped regions, and that this warrants their inclusion (Fairtrade Supporter Conference 2012 - "Local and Fair" panel and Milis at the Warwick Fair Trade Society's Conference 2012, for example).

I challenge this position with the following arguments. To begin with, most of the Fairtrade producers from the first, "producer-included" group are not the most marginalised and from the poorest regions. There is a comprehensive debate about this topic in the Fair Trade literature showing that the poorest and the most marginalised small-scale producers and workers without land most often cannot join the system (see more in: Nelson and Pound 2009, Raynolds et al. 2007, Utting-Chamorro 2005, Guthman 2004, Raynolds 2004 and others). Here, I will put forward just two arguments from my Mexican interviewees.

Perez Akaki stated that in Puebla, the region where he conducted his research, Fairtrade is not focused on the poorest of the poor. They were possibly poor before, but since 20 years have passed, the developmental difference that Fairtrade has brought is manifested (2013, interview). "But if the poorest want to enter now in Fairtrade, it is closed for them" (Ibid. 56:04, audio 1). Secondly, according to Professor Patricia Pocovi Garzon, a Fair Trade researcher at the Universidad Jesuita de Guadalajara, in Chiapas, many poor and marginalised small-scale producers do not have a budget for certification and that today this is "a very big problem" (2013, interview 06:29).

²⁴ McGechie's views expressed in my doctoral thesis are her own, and not those of the Fairtrade Foundation.

Furthermore, at the Warwick Fairtrade conference, which I organised together with a number of my University of Warwick and GEM PhD School colleagues as well as Fairtrade supporters, the case of Santiago's shantytowns in Chile was presented by Joanna Milis from the Fairtrade Foundation as an example of a heavily underdeveloped area, that is home to Fairtrade producers (2012).

In fact, however, just a minority of Chilean Fairtrade producers live there. Moreover, regarding the present-day state of Santiago's shantytowns, Easterly notes that "...[a] purer vision of the benefits of [current] Chile's development came during a visit to a shantytown in Santiago. Accompanied by some idealistic upper-class students who ran a charity renovating shantytown dwellings, I visited some clean orderly homes amid well-kept streets. I talked to a grandmother whose cement dwelling was adorned by hanging pots of flowers, a television, and comfortable furniture. Poverty was here, but it was quite muted by comparison with other shantytowns I had visited around the world. Chile's economic growth has benefited poor as well as rich" (2006, p.316).

This statement directly challenges the old poverty stereotypes about some of the most developed Latin American countries, which are still present in the dominant Fairtrade International's discourse. These are simply outdated, especially due to the fact that Chile, as already stated, is not even an upper-middle-income economy. Rather, it is a high-income economy evidenced by its \$14,900 (€13,321.41, £9,682.24, RSD1,600,429) GNI per capita. Therefore, a high-income economy's least developed region was employed by Fairtrade supporters in order to prove that the least developed regions of upper-middle-income economies from the Global North cannot enter.

That the producer-excluded group of upper-middle-income economies has heavily underdeveloped regions is predictable. For example, the conditions in South Serbia in general, and in particular, in Jablanica and Pcinja districts which were at the centre of my

doctoral research, are dire. The situation in these two districts is best described by the following data. Out of eleven municipalities, all but one, Vlasotince, fall into a category of marginal and less favourable areas for both economic and rural development (CDJPD 2013). Furthermore, seven out of these ten municipalities are categorised as the least developed in Serbia: Presevo, Bujanovac, Medvedja, Crna Trava, Bojnik, Bosilegrad and Trgoviste (CDJPD 2013, Agusi 2013, interview, Dodic 2013, interview, Simic 2013, interview, Slavkovic 2013, interview and Smiljkovic 2013, interview). Finally, according to all (rural) development parameters, Jablanica and Pcinja districts are characterised as one of the least developed districts in Serbia (Ibid.).

The comprehensive debate about the state of these districts and their comparison with the ones in Mexico will be presented in chapter VII. For now, I will simply put forward the fact that, firstly, they have a greater percentage of people living under poverty lines than what is the Serbian average, especially in municipalities like Trgoviste and Presevo (Murati 2013, interview and Smiljkovic 2013, interview). In addition, their unemployment rates are higher, i.e. 30 percent in Pcinja and 40 percent in Jablanica districts, on average (CDJPD 2013, p.46) and up to 75 percent in some municipalities like Presevo, according to Nehat Murati, agricultural adviser at the Municipality of Presevo (2013, interview).

Question of Northern Lower-middle-income Economies

The penultimate argument in this debate is the fact that there are additional European countries, like Ukraine and Moldova, which are not even upper-middle-income economies, but rather a part of the group of lower-middle-income economies. Even if all of my above-stated critiques are discarded regarding the Global North in general and the nine upper-middle-income producer-excluded economies in particular, then the ban on production in

force in these two countries remains hardly defensible. Argentina's 2014 ascent into the group of high-income economies reinforces this dilemma, joining Chile as the second wealthy producer-included economy.

Question of Fairtrade System's *Raison d'Etre*

The next argument is connected with the very *raison d'être* of the Fairtrade system. In particular with its internal normative and operational logic, connected with its aspiration for all poor and marginalised producers and workers to be treated fairly in every country. By definition, this amounts to including the Global North in general and the nine European upper-middle-income economies in particular.

Fairtrade International states that it "works to secure a better deal for farmers and workers in developing countries" (Fairtrade International 2012c, p.2), hence, in *all* developing countries and not only in the ones which are from the Global South. Fairtrade International's vision is "[a] world in which all producers can enjoy secure and sustainable livelihoods, fulfil their potential and decide on their future" (Ibid.), which again does not rule out nine Northern upper-middle-income economies in particular or any economy (including the high-income ones) in general.

Fairtrade International's mission is to "connect disadvantaged producers and consumers, promote fairer trading conditions, and empower producers to combat poverty, strengthen their position and take more control over their lives" (Ibid.), again, both in upper-middle-income and high-income economies and in the Global South as well as in the Global North. This applies to the upper-middle-income economies in particular, given the fact that a number of them are already a part of the Fairtrade system and, as was already mentioned,

excluding their producers and workers from the current Fairtrade regime risks the potentially tragic moment of creating "double-losers" in these countries.

Many of them were first rendered casualties of trade liberalisation, then losers of food and economic crises (Chang 2011 and Lang 2010). If they also remain excluded from the Fairtrade system, they will eventually become one of the most vulnerable and poverty- and marginalisation-prone groups in the world.

In addition, it is also important to put forward the case of the most prominent Fairtrade trade and consumption system, the one in the United Kingdom, and to focus on its NFO, the Fairtrade Foundation. The Fairtrade Foundation's vision is: "a world in which justice and sustainable development are at the heart of trade structures and practices so that everyone, through their work, can maintain a decent and dignified livelihood and develop their full potential. To achieve this vision, Fairtrade seeks to transform trading structures and practices *in favour of the poor and disadvantaged*" (Fairtrade Foundation 2008, p.1, emphasis added). Therefore, it is in line with Fairtrade International's positions presented above.

Its mission is to "work with businesses, community groups and individuals to improve the trading position of producer organisations *in developing countries* and to deliver sustainable livelihoods for farmers, workers and their communities" (Ibid., emphasis added). It is important to point out that, both the Fairtrade Foundation's vision and mission favours development countries' poor and disadvantaged producers from all developing countries and not only the ones from the Global South. Conversely, it is also important to point out that their vision is broader than their mission, including both developing and developed countries.

There is an immediate, obvious conclusion deriving from these observations. Both the visions and the missions of Fairtrade International and the Fairtrade Foundation are not in line with Fairtrade system's praxis of exclusion of poor and marginalised Fairtrade producers and workers from nine developing upper-middle-income economies from the Global North.

McGeachie offers an answer to this problem by saying that the question on the more abstract level is either Fairtrade for all, or we focus on Southern producers (2013, interview). She continues: "The interesting thing in Fairtrade - is it about making a trading world a fairer place, even playfield for all, Fairtrade in its truest definition, or is it about the people that we perceive as beneficiaries of Fairtrade, because they are two overlapping concepts, but not the same things. So you could have a choice of just making life better for 1.5 million farmers in a developing world, or you can make a choice to say we are about fair trade so we will tackle unfair supply chains whenever we see them, so those are two very different strategies and you are right, definition of Fairtrade is open enough so you could choose either" (01:53, audio 3).

Given the fact that the Fairtrade Foundation has limited resources and that according to McGeachie, they are now working simultaneously on emerging in new markets, aiming to achieve typing points with key product categories in the UK and to move forward to the new product categories, the question of the Fairtrade farmers from the Global North is not the most pressing issue at the moment, especially due to the risk of overstretching (2013, interview).

In my opinion, however, this practice could well lead to the Fairtrade system's failure, due to the inconsistency between its aspirations and its practices, which represents a reputational hazard. In light of the fact that the Fairtrade system trades in trust and credibility, this could, in turn, induce the demise of its certification scheme.

Consequently, I queried all of my interviewees where the opposition against subsequent modifications originates. To begin with the Global South's perspective, Perez Akaki fully agreed with my challenge to current practice. "I think, Fair Trade is necessary all around the world... If you say, is there a space for small producers [from the Global North] in Fair Trade, of course there is a space, because the principle of Fair Trade is solidarity, reciprocity, fair price for the products, closer relations. I think this is an idea, but in this idea,

there is a space for everyone who produces and for everyone who consumes" (2013, interview 01:06:06, audio 1). According to Perez Akaki, it is a mistake to exclude other upper-middle-income economies and if Fairtrade International and the Fairtrade system do not evolve in this direction, it could spell their ultimate failure (2013, interview).

In accordance with him is Ines Chadi who, from her Fairtrade work and research experience in Mexico and Latin America, concluded that any certification of big estates in the Global South and a parallel exclusion of the poor and marginalised small-scale producers in the Global North is, to put it in her own words, "ridiculous" (2013, interview 16:34).

Finally, Luis Martinez Senties, a senior member of the Mexican government in the Ministry of Agriculture and an experienced diplomat, put forward two further points. Firstly, he does not see that the producers from the Global South and the Global North will be competitors. Secondly, once the criteria as to who counts as a poor and marginalised small-scale producer from the Global North are clearly established, producers from the Global South will not have any problem with their inclusion (2013, interview). From these interviews, it is evident that the Global South is neither the principal, nor the strongest critic of the inclusion of small-scale farmers from the Global North.

Consequently, now I will move towards the second and third referent objects of my thesis, Fairtrade traders and consumers and discuss their positions. According to the newest market research conducted by the Trade for Development Centre of Belgium, only 14% of Belgian consumers believe that Fairtrade should be just for the producers from the Global South (Coremans 2013, interview).

Data suggests equivalent understandings in the UK as well. In one of the largest recent studies, based on numerous interviews, Adams and Raisborough (2010) concluded that "[w]hile a sense of fairness resounded through many accounts, there was a keen sense that

commitment to a distant other should be matched, or secondary, to a commitment to producers 'closer to home'" (Ibid., p.271).

Fairtrade traders, and especially supermarkets' policies are in line with the ones of their consumers. Delhaize's understanding expressed by Anaïs Pauwels, sustainable private brand manager at the Delhaize Group, is particularly relevant to my research. Pauwels unequivocally responded to my question whether it will be equally easy for them to present a Serbian Fairtrade product, compared to the ones coming from Mexico or Chile by simply asking "why not?" (2013, interview 12:30). She went even further stating that she will include products of small-scale producers from all developed countries as well, under some kind of Fairtrade-like mark, because she believes that indeed something has to be done for small-scale producers from developed countries in order to make sure that we do not forget them as well (Ibid.).

There are certainly immediate difficulties connected with their inclusion recognised by numerous Fairtraders (Fairtrade Supporter Conference 2012 - "Local and Fair" panel) and the most significant are issues of uniformity of the Fairtrade mark and the difference between the Global South and the prospective Global North's certification processes, minimum price setting and auditing.

Recognising these difficulties and acknowledging the resource limitations of the Fairtrade system and its objective inability to develop simultaneously in all directions, due to the imminent risk of overstretching, my position is that these problems are still far more technical than substantial. In addition, with the clear positive impetus from Fairtrade International and NFOs, other parts of the future, truly global Fairtrade system, i.e. prospective Fairtrade producers from the Global North, as well as Fairtrade traders and consumers from both the Global North and the Global South will be able to do most of the work themselves and consequently lead to future Fairtrade advancements.

This is especially important when it is also known that, according to McGeachie, Fairtrade-like production in the Global North will happen in foreseeable future. "I perceive that happening at some point, whether it's us or someone else" (2013, interview 02:51, audio 3). That Fairtrade International's producer-excluded upper-middle-income economies, for example, Bosnia and Herzegovina, are already among countries where the World Fair Trade Organisation's producers operate (BHcrafts 2015), renders her statement remarkably prescient.

3.5. Concluding Remarks

In this chapter, I discussed the contemporary Fairtrade system, firstly focusing on its principles and monetary benefits. I started off by putting forward a debate about five core social, economic, labour and environmental groups of principles at the heart of the current Fairtrade system and I continued the discussion by focusing on two monetary Fairtrade benefits, the Fairtrade minimum price and the Fairtrade premium.

Secondly, I focused on the three key referent objects, i.e. Fairtrade producers, traders and consumers highlighting campaigners as well, and on Fairtrade International, NFOs, FMOs and FLO-CERT, as the leaders and regulators of the system. By explaining how Fairtrade system works, I put forward a theoretical base for understanding the empirical debates in chapters V - VIII.

In addition, I presented the Global North - Global South divide critique showing that fragments of the old divide, i.e. division between the Fairtrade raw material producing Global South and the Fairtrade trading and consuming Global North are still present in the Fairtrade system. Finally, I discussed upper-middle-income economies' position within the system, identifying discrepancy between theory and practice. I pointed out that there is a group of

upper-middle-income economies, consisting of nine European upper-middle income economies, i.e. from the Global North, which are allowed to have Fairtrade traders and consumers. However, their poor and marginalised small-scale producers are forbidden from entering the Fairtrade system as primary producers and therefore, under a direct threat to become double-losers, potentially excluded from both non-Fairtrade and Fairtrade economies. I challenged their exclusion fourfold, beginning with GNI per capita differences, continuing with the realities of heavily underdeveloped regions and the existence of two excluded European lower-middle-income economies in opposition to two included high-income economies from the Global South. Lastly, I finished by discussing the Fairtrade System's *raison d'être*.

By concluding this chapter, I finished the first major analytical part of my thesis - the one focused on theoretical aspects. In this way, together with the debates presented in the previous chapter, I presented the literature review and the theoretical framework of my doctoral thesis. Moreover, I fully set the theoretical foundations for making the contribution to knowledge regarding examination of a new topic, and in more general terms, the direction of the debate of my whole doctoral thesis. Before I start the second major part of my PhD dissertation - the one focused on empirical aspects, I will discuss used methodology in Chapter IV.

CHAPTER IV - METHODOLOGY

Charles Wright Mills has famously stated that "the passionate curiosity about a great problem, the sort of curiosity that compels the mind to travel anywhere and by any means, to re-make itself if necessary, in order to *find out*" is at the heart of all research (2000 [1959], p.105). I completely agree with him and many others who have pointed out that passion for knowledge and inquisitiveness are the irreplaceable parts of every study, and that research methods, although important, ultimately cannot replace them (Vennesson in Della Porta and Keating 2008, p.239). However, I also agree with them pointing out that research methods are useful tools for any researcher in her/his quest for knowledge (Ibid.). This chapter is about the ones I chose for my doctoral research in order to aid me answering my underlying research question and therefore, bridge the gaps and make the contributions to knowledge.

Before discussing in detail the research methods applied, a few clarifications are appropriate. Firstly, in my opinion, methodological choices merit a separate chapter, especially since one of the four contributions to knowledge I aim to make is an innovative comparison. This is not always a case in doctoral theses, and often methodology is discussed just in a section of the Introduction. However, I took a different approach.

Secondly, it is rather unusual for the methodology chapter to be in the middle of a doctoral thesis. Conventionally, it is found at the beginning or, less often, at the end of a thesis, but my reasons for my choice are threefold. Firstly, given the fact that most of it is focused on explaining the methodological bases for empirical chapters V - VIII, I find that it is an excellent introduction to the debate which will follow next. Secondly, the part of Chapter IV referring to the methodological bases on which chapters II and III were founded can be regarded as the final conclusion of these chapters in particular and of my theoretical

part of the thesis in general. In addition, due to these two reasons, I consider it a bridge and I find it easier for readers to navigate through my PhD dissertation in this way.

4.1. General Methodological Overview

Bearing in mind that due to its complexity, nearly every research project involving developmental issues in general and the questions in regard to the Fairtrade system in particular is multidimensional, the methodology used in answering my underlying research question will be similarly diverse. However, three qualitative methods will take the centre-stage: critical analysis, case study and comparative method. Following Jaffee's methodological approach (2007), which, as stated above, represents one of the most analytically rigorous studies in the Fair Trade literature, I did not limit myself solely to one "main" research method. This was due to the fact that I also consider that "the combination of different methods allow[s]... to triangulate or cross-check key findings, enhancing the validity of the results" (Ibid., p.278). This is also in line with how other experienced Fair Trade researchers, such as Doherty and Tranchell conducted their joint study as well (2007).

I have already used critical analysis in order to review, evaluate and analyse the Fair Trade literature in chapters II and III. This method aided me in construing my theoretical framework and it helped me in finding an answer to the first part of the puzzle of my doctoral research, the one regarding the internal normative and operational logic of the Fairtrade system, which has been breached by the exclusion of the nine producer-excluded upper-middle-income economies. The same method will be used as an important within-case method as well, focusing on the vast literature on Mexican Fairtrade, on Serbian poor and marginalised small-scale producers and on the UK (supported by Belgian), as well as Serbian Fairtrade traders and consumers in chapters V - VIII.

Secondly, I will use three case studies. The first two will be illustrative, focusing on Mexico and the United Kingdom, representing successful cases of firstly, Fairtrade producers' and secondly, Fairtrade traders and consumers' countries, clearly showing the historical, contemporary and future challenges for development of Fairtrade from all three perspectives. Divided by themes and countries, the initial case studies, supported by the field research conducted in both Mexico and the United Kingdom (which is enhanced with the fieldwork findings from Belgium on the same topics, i.e. Fairtrade traders and consumers), will be the comparative and lesson-drawing base for the main (third) case study, which will be focused on Serbia and its Fairtrade potentials.

Given the fact that this is a country from the producer-excluded group of upper-middle-income economies, which has never been fully explored by the Fair Trade literature before, the findings from the previous two case studies focused on the three key referent objects in the Fair Trade literature - Fairtrade producers, traders and consumers will be employed using a comparative method based on lesson-drawing principles. They will also be combined with original extensive data collection undertaken during the field research in Serbia. In addition, the two illustrative case studies, i.e. Mexico and the UK, can be employed as a base for future research regarding other producer-excluded upper-middle-income economies in particular and other upper-middle-income economies in general, using the same methodology which I will below explain in detail.

Finally, the within-case methods are critical analysis and elite interviews, outlined below. Before I continue, I would like to point out that my current methodological choices evolved from methodological modules and IT training (see the section "Research Training", p.xv), which I undertook at the University of Warwick and Université libre de Bruxelles. Both aided me greatly in my research.

By using the above-stated methodology, I will again follow Jaffee's approach (2007, p.xv) combining the larger-level critical analysis with close-up case studies, thereby exploring the benefits, limits and contradictions of the Fairtrade system. In turn, this enables comprehensive, structured and rigorous analysis, and answers my underlying and attendant research questions, bridging the gaps in the literature and contributing to knowledge.

Time and Geographical Frameworks

Beginning with the time framework, the focus will be on the most recent, post-crises period, up until the end of 2014. As mentioned, I started my doctoral research at a time when Fairtrade trade and consumption were not present in Serbia. However, a major change happened at the beginning of 2012 with the introduction of Delhaize Serbia's Fairtrade food products and it significantly influenced my research. This change had both positive and negative methodological impacts and I will now detail each in turn.

To begin with, it clearly proved that Fairtrade trade and consumption are possible in Serbia and made my research even more ambitious, since now I wanted to know what the next steps of Fairtrade trade and consumption in Serbia are. Secondly, I was able to conduct a number of elite interviews with Serbian experts who were familiar with Fairtrade trade and sales. In this way, I acquired information thus far undiscovered by the Fair Trade literature. In addition, I now had clear referent objects for comparison, i.e. the Serbian Fairtrade traders and consumers. They can be directly compared with their correspondents in the initial stages of Fairtrade trade and consumption development in the UK (supported by the findings from Belgium as well). Finally, and interconnected with the previous point, the in-between development, the current moment and the future perspectives of the UK Fairtrade trade and consumption were an excellent direct starting point, a true lesson-drawing base, for the field

research about the present state, next steps and future perspectives of Fairtrade trade and consumption in Serbia.

On the other hand, the first challenge arose from the fact that I researched a moving target and that I had to double-check all of my data again and again in order to be sure that my findings reflect the most up-to-date situation on the ground. The second issue is connected with the previous, i.e. the fact that I will not have the benefit of hindsight that might otherwise allow me to see some of the practical developments taking place, but also to wait for additional academic works to cover some of the peripheral topics important for my research and therefore, enhance my findings. The ever-developing nature of the Fairtrade system is the challenge that all Fair Trade scholars eventually face, and my research was not unique in this aspect. I tried to amend it by limiting the scope of my research to December 2014, instead of September 2015, when I submitted my final work.

Regarding the geographical scope, the research took place across two continents and four countries, beginning in the United Kingdom, where I spent the first year of my doctoral studies (October 2011 - September 2012) at the University of Warwick, critically analysing the theoretical bases of my doctoral research in general and the UK Fairtrade system in particular and identifying my initial methodological choices.

It continued in Belgium, at the Université Libre de Bruxelles (which is a part of the GEM PhD School and my second academic institution) where I initially spent five months (October 2012 - February 2013). There, I was compiling data from the first fieldwork (the United Kingdom), prepared for the third (Mexico), while at the same time using the opportunity to interview relevant Fairtrade actors based in Brussels, focusing on questions related to Fairtrade traders and consumers, thus conducting the second fieldwork and compiling the data from it.

The doctoral research continued, firstly, with the third field research in Mexico (March and April 2013), in cooperation with the Instituto Tecnológico Autónomo de México (which is a part of the GEM PhD School) where the data about the Mexican Fairtrade system was gathered, focused on questions regarding Mexican Fairtrade producers. Furthermore, my research advanced with the fourth field research, now in Serbia during the second half of the academic year 2012-13 (April - September 2013), focusing on Serbian poor and marginalised small-scale producers, Serbian Fairtrade traders and consumers, Serbian overall Fairtrade potentials, and the possibility of creating a national Fairtrade-like system in Serbia.

The data from these two field trips were gathered, initially analysed and finally processed during the third year (October 2013 - September 2014), when the first drafts of chapters V, VI, VII and VIII were finished, and the first half of the fourth year (October 2014 - March 2015) when the first draft of the whole doctoral thesis was presented to my supervisors. Apart from my writing endeavours, which ended in September 2015 when I submitted my doctoral thesis, the third and the fourth year were spent on follow up field research in the UK and Serbia.

Methodological Remarks

In this part, I will put forward some of my remarks regarding issues concerning the methodology employed. Firstly, as a GEM PhD School's doctoral scholar, but also as a strong supporter of the Fairtrade movement²⁵, during my PhD research, I had to constantly balance my academic detachment, with my practical engagement, in order to be able to present a comprehensive and rigorous analysis. Similar issues were recognised by Berg (2001) and Lofland (1995) as well, and Doherty and Tranchell (2007) put forward constant cross-

²⁵ For example, I was one of the organisers of the Fairtrade Fortnight at the University of Warwick and a conference on Fairtrade in 2012 and I also delivered two initial lectures about the Fairtrade system in Serbia in 2013.

checking of both the Fair Trade literature and Fairtrade practitioners' points as a solution, and I followed their advice.

Apart from the tension between theory and practice, I often experienced a dilemma between my general support for the Fairtrade system and its numerous benefits, and my constructive, but strict critique aiming to explain the severe inconsistency between its declarative internal normative and operational logic and its current contradictory praxis. Therefore, I aimed to give suggestions for the next phases of the development of the Fairtrade system by identifying some of the issues it has to tackle, one of which is certainly the exclusion of producers from nine upper-middle-income economies from the Global North.

Thirdly, I fully recognised and acknowledged the critique identified by Jaffee (2007, pp.3-4) that Fair Trade research so far is too often based on anecdotal information and not on comprehensive and rigorous analysis. Therefore, I tried to follow his and other "best practices" in the field (Nelson and Pound 2009, Murray and Raynolds 2007 and Nicholls and Opal 2005, to state a few), which insist on systematic qualitative and/or quantitative research of the Fairtrade system.

The most important practitioners' institution is the above-mentioned Fairtrade International. Fairtrade International's global statistics and fundamental definitions stated in their official documents, such as global Fairtrade sales figures, or internal definitions of a Fairtrade producer, or a national Fairtrade organisations, represent a treasure trove for my research. Similarly, nearly all authors mentioned in my PhD dissertation have written about the Fair Trade movement in general and the Fairtrade system in particular using Fairtrade International's data as starting points.

That being said, whenever possible, I will critically analyse, double-check, triangulate, and cross-check Fairtrade International's information with the findings from my fieldwork. In addition, I have reduced to a minimum the direct use of Fairtrade International's

normative statements, agenda and arguments, taking into account the possible bias. Whenever I did decide to use these, I will clearly communicate that and critically analyse, double-check, triangulate, and cross-check this information as well.

A few technical remarks regarding the languages used, translating and proofreading must be made at this stage as well. Firstly, the vast majority of the critically analysed literature was in English. However, there was a smaller part in Serbian, and a few titles in French as well. Whenever I have directly quoted or paraphrased from these titles, I have translated them into English, always trying to convey the sense of the original. Given the fact that English is my second language, in order to double-confirm the accuracy of my translations, all of my direct quotes from Serbian papers (there were no direct quotes from French ones) were, *pro bono*, additionally double-checked by another GEM PhD scholar from Serbia. Finally, my thesis was *pro bono* proofread by a University of Warwick alumni, who is a native speaker in English, as well as by a Serbian philologist, with proficiency in English and years of experience in translation.

Regarding my two final methodological remarks, I will firstly follow Smith's lead (1998, p.31) to caution that the works which I used in my thesis have their own distinct agendas, beyond the concerns of my work, and that this by no means exhausts what they have to say regarding the topic. Continuing from the previous point, I will also follow Gerring (2007, p.x), and as he did, I will also pass my acknowledgment to scholars who have written on the same subject that I am interested in before me and whose research was the starting point for my own.

4.2. Critical Analysis

Critically analysing the relevant literature, the initial stages of my doctoral research entailed work on the literature review, on the creation of my theoretical framework and on writing chapters II and III. By applying the critical analysis to study the literature, defined as the use of judgment, experience and observation, focused on evaluation of data, information and knowledge (Matthews and Ross 2010, p.98, see also in Gerring 2007 and Hart 1998), my research had a twofold focus. Firstly, on the Fair Trade literature and secondly, on the broader context of a wider literature with which the Fair Trade literature is interconnected and from which findings it takes its theoretical explanations and concepts.

In order to write chapters II and III, and to lay the foundations for the next phases of the research focused on the three main referent objects, I followed a two-stage process of critical analysis. The first test was one of the sources and purposes of the literature, while the second was one of the ideas and information presented (Matthews and Ross 2010). While critically evaluating the relevant literature, I followed the question matrix suggested by Matthews and Ross (Ibid.) and tried to always ask myself the following five questions.

Firstly, whether the aims and objectives of the analysed research were clear. Secondly, whether the hypotheses, research questions, underlying theories and operational definitions were fully explained. Thirdly, whether a potential conflict of interests loomed, especially regarding sponsorship of the research (this was crucial when analysing the quantitative data and normative positions coming from Fairtrade International and many other studies like the one from Nelson and Pound 2009, which was commissioned by the Fairtrade Foundation for example). Moreover, I analysed whether the methodology is appropriate and methods used adequate for answering the research question, and whether

their limits were discussed. Finally, whether the results were understandable and applicable and the conclusion clear and suitable for generalisation.

Even though this question matrix was very helpful, I would like to point out that it was impossible for me to always get all the answers to the above-stated five questions. This shortfall is something that I recognise and acknowledge, accepting Matthews and Ross' viewpoint that "even though it is not always possible to answer all of your questions from the information that you have and some of your answers may not be satisfactory. This does not mean that a particular source should not be used. Rather, it means that you should take care when using information from the source and ensure that you refer to the limitations as well as the value of the source within your review" (2010, p.100). This is something that I have already tried, and will continue to do in the rest of my doctoral thesis.

4.3. Case Studies

According to John Gerring, Professor of Methodology at Boston University and one of the most influential contemporary theorists on case studies, this research method can be looked upon as the "first method of social science", if it is extended back to the "earliest historical accounts or to mythic accounts of past events" (2007, p.x). With the works of Frédéric Le Play and the Chicago school of sociology, it became a dominant research method in the nineteenth and at the beginning of the twentieth century and today, it is experiencing a renaissance (Della Porta and Keating 2008, Gerring 2007 and Ragin 2000). The case study is considered to be "the most common form of social scientific inquiry" (Ragin 2000, p.67), especially since there is "a movement in the social sciences away from a variable-centred approach to causality and toward a case-based approach" (Gerring 2007, p.3). The case study

occupies a central position in many different bodies of work, starting with anthropology and history, but also, in literature on global economics, politics and sociology (Ibid., p.2).

There are numerous definitions of what the case study as a research method is, and they mostly agree on the following characteristics. According to Ragin, in essence, many researches consider the case study to be an in-depth empirical investigation of one, or a few cases employed in order to elucidate a larger class (2000). In line with his point is Gerring (2007, p.20), stating that the case study can be defined as "the intensive study of a single case where the purpose of that study is - at least in part - to shed light on a larger class of cases (a population)" (Ibid.) Again in line with Ragin (2000), he added that the "[c]ase study research may incorporate several cases, that is, multiple case studies" up until the point when it is still possible to investigate selected cases intensively (Gerring 2007, p.20).

Following the works of Della Porta and Keating (2008), Gerring (2007), Bennett (2004) and Ragin (2000), I chose the case study research, firstly, because its primary virtue is the depth of analysis that it offers. Secondly, I selected it because my above-stated underlying and attendant research questions, gaps and contributions to knowledge are oriented towards hypothesising, rather than hypothesis-testing and because they prize analytical depth over breadth.

Apart from these positive methodological aspects, which are crucial to my doctoral research, case study research also suffers from well-documented limitations. The following six, although present in all empirical research, cause particular problems in the context of the case study work (Gerring 2007, p.68). They relate to: "evidence-gathering techniques, the formulation of a hypothesis, degrees of fallibility, the tension between particularizing and generalizing objectives in a case study, the identification of a population that the case study purports to represent, and the importance of cross-level research" (Ibid.). Especially apostrophised is the problem of representativeness, "because [case study research] includes,

by definition, only a small number of cases of some more general phenomenon" (Ibid., p.43). I recognise all of these issues and I will address them in the same way as I tackle other methodological challenges in my thesis, through double-checking of data, triangulation and cross-checks.

Case Selection Process

After choosing the case study as a research method, the first challenge for every researcher is the case selection process. To begin with, I will use Gerring's definition of "a case" stating that it "connotes a spatially delimited phenomenon (a unit) observed at a single point in time or over some period of time" (2007, p.19). Parts of that case that can be in the research focus can be "quite varied" (Ragin 2000, p.68) and as I already stated, my focus will be primarily on the three key referent objects in the Fair Trade literature: Fairtrade producers, traders and consumers and on aspects related to them.

Furthermore, it is important to identify types of case study research and types of cases on which they are based. Vennesson (in Della Porta and Keating 2008, pp.227-228) and Gerring (2007, p.88) offer, firstly, a simpler fourfold and secondly, a more complex ninefold classification. For Vennesson there are: 1) descriptive case studies (configurative-idiographic), 2) interpretative case studies (disciplined configurative), 3) the hypothesis-generating case study (heuristic) based on deviant cases and 4) theory-evaluating case studies (in Della Porta and Keating 2008, pp.227-228). Gerring identifies: 1) typical (representative), 2) diverse, 3) extreme, 4) deviant, 5) influential, 6) crucial, 7) pathway, 8) most-similar and 9) most-different case study types (2007, pp.88-89).

Under both classifications, my two illustrative case studies focusing on Mexico and the UK fall under the typical (representative) / interpretative case category, which

"exemplifies what is considered to be a typical set of values, given some general understanding of a phenomenon. By construction, the typical case is also a representative case" (Ibid., p.91). As mentioned, in terms of the Fairtrade system, they are typical/representative cases of countries in which Fairtrade already flourishes, Mexico on producers' and the UK on the traders and consumers' sides.

In addition, there is my original contribution, since I employ them as illustrative case studies and lesson-drawing bases. Gerring calls similar types of cases, "peripheral cases" (Ibid., p.22), stating that they are "surveyed through a quick reading of the secondary literature or through a statistical analysis. Sometimes, the status of these informal cases is left implicit (they are not theorized as part of the formal research design). This may be warranted in circumstances where the relevant comparison or contrast between the formal case(s) under intensive study and the peripheral cases is obvious" (Ibid.).

However, I consider them to be more than just "peripheral cases" for the following reasons. Firstly, in my research, they are not presented based on quick readings, but on thorough critical analysis and extensive field research. Secondly, their status is neither informal, nor are they left implicit, since they are theorised as parts of the formal research design. Moreover, the findings from these two case studies will be comparatively employed as the lesson-drawing base in order to draw inferences from those countries for my main case study of Serbia. In particular, I have identified four lessons in total, two from each case. From the Mexican one, we can glean who is a Fairtrade producer and what the benefits of being a Fairtrade producers are, which will be further discussed in Chapter V. From the UK one, how Fairtrade mainstreaming and Fairtrade campaigning works, which will be further discussed in Chapter VI. This is the additional point and a part of my original contribution and that is why I consider their classification as "illustrative" more suitable.

My main case study focused on Serbia, according to the above-stated classifications, is considered to be the deviant/hypothesis-generating (heuristic) case study based on a deviant case, and I identify three reasons why I see it in this light. Firstly, "the *deviant-case* method selects the case(s) that, by reference to some general understanding of a topic (either a specific theory or common sense), demonstrates a surprising value" (Gerring 2007, p.105). Serbia, as a member of the producer-excluded group of upper-middle-income economies "deviate[s] from some cross-case relationship" (Ibid., p.89) and fits this description, especially when compared to other upper-middle income countries.

Secondly, "[t]he purpose of a deviant-case analysis is usually to probe for new - but as yet unspecified - explanations" (Ibid., p.106). Since my main case study will be used for hypothesising (Ibid., p.89), it falls under the hypothesis-generating (heuristic) case study category for this reason as well.

Finally, "the deviant-case method is an exploratory form of analysis. As soon as a researcher's exploration of a particular case has identified a factor to explain that case, it is no longer (by definition) deviant" (Ibid., p.107). This matches the aim of my research as well, as my underlying research question aims to answer to what extent Serbia, as one of the producer-excluded upper-middle-income economies, can partake in the Fairtrade system in future, as a country where Fairtrade products are produced, traded and consumed. In other words, to what extent it can become one of the "normal", i.e. producer included upper-middle-income economies in the eyes of the contemporary Fairtrade system.

Within-Case Methods

Within-Case Critical Analysis

In line with a number of possible choices identified by Gerring (2007, pp.68-69), I chose two within-case methods - critical analysis and elite interviews and I will present each in turn. Critical analysis will study the three most important parts of the Fairtrade system, the three key referent objects in the Fair Trade literature - Fairtrade producers, traders and in the end, consumers.

I used this method in order to, firstly, critically analyse relevant literature on Mexican Fairtrade poor and marginalised small-scale producers and their potential counterparts in two Serbian underdeveloped regions - Jablanica and Pcinja districts. Secondly, the focus of my analysis was on the UK (supported by Belgian data) and Serbian Fairtrade traders - highlighting supermarkets in particular and consumers - focusing on the ones who are campaigners as well from the UK (supported by Belgian findings) and Belgrade. Thirdly, I researched the national Fairtrade organisation in the United Kingdom, the Fairtrade Foundation with the aid of data collected through elite interviewing in Belgium, focusing on their national Fairtrade organisation *Max Havelaar* and its most representative member organisation, the *Oxfam Magasins du Monde*. Finally, my focus was on critical analysis of the Mexican national Fairtrade institutional capabilities for developing a national Fairtrade-like system and the possibilities of the development of its counterpart in Serbia.

In the case of the three key Fairtrade referent objects which are in the base of my case studies, I again followed Matthews and Ross' question matrix (2010, p.99) and tackled the same shortfalls (Ibid., p.100). Therefore, the critical analysis of the relevant literature on three

key referent objects was the first used within-case method, followed by elite interviewing, which will be presented next.

Within-Case Elite Interviews

The initial research design which I prepared during my first year of doctoral studies in the United Kingdom envisaged only around twenty elite interviews and allowed the possibility for many of them to be informal. The reason for this approach was the simple fact that, at first, elite interviews were not my main within-case study method and I did not consider them as important as the critical analysis. This is why, during my first year in the UK, I had informal meetings and I spoke with a number of Fair Trade experts from both academia and practice, but never in a form of a formal elite interview. I considered critical analysis, combined with the practical Fairtrade work, participation at Fair Trade/Fairtrade yearly manifestations like the Fairtrade Fortnight and the World Fair Trade Day (2012 - 2015), Fairtrade supporter conferences (2011 - 2013) and the above-stated informal meetings as more important for my research than formal elite interviews.

However, while sustaining my participation at Fair Trade conferences, manifestations and informal meetings during the second, third and fourth year of my doctoral studies in the UK, Belgium, Mexico and Serbia, I also focused on another research aspect. I began conducting official, formal elite interviews with Fair Trade and agro-economic experts and practitioners, realising that information received from these interviews helped me tremendously in my research. Therefore, I now consider elite interviews to be as important a within-case method as the critical analysis. Consequently, instead of envisaged twenty interviews, I interviewed more than fifty interviewees across four countries - Belgium,

Mexico, Serbia and the UK in order to double-check, triangulate and cross-check information which I gathered through critical analysis, practical Fairtrade work and informal meetings.

The findings of my elite interviews constitute the empirical base for debates in chapters V - VIII, where they will be presented in detail. Here, I will just put forward a few methodological remarks regarding the interviews themselves. Firstly, all the interviews were semi-structured with prepared, open questions. I drafted them, revised them, tested them and re-revised them with my first GEM supervisor before I finally used them in practice. Secondly, I used a combination of uniformed questions, which were the same for practically all interviewees, as well as questions tailored to the specific expertise, referent object and the country where a specific interview was being conducted in (for example, in Mexico, I was focused on questions regarding Fairtrade producers).

Furthermore, almost all of my interviews lasted between 30 and 90 minutes, with the majority of them being around one hour long. A few lasted for more than two hours. Hence, in total, this amounted to more than 50 hours of formal interviews, or more than 1,000 pages of raw interview data. In addition, it is also necessary to add a similar number of informal meetings with Fair Trade academics and practitioners on numerous above-stated Fair Trade events that both preceded and followed the formal interviews.

Moreover, I audio recorded 95 percent of my interviews with just a few exceptions, which I decided not to quote in the final doctoral thesis due to the fact that I would not be able to double-check the quotes coming from them with 100 percent certainty. I personally transcribed half of the recorded interviews and the rest was transcribed by professional typists, who were paid the market price for their effort. Due to the fact that all of the interviews in my doctoral thesis were audio recorded, all direct quotes from interviewees are referenced with timing indicators. Although a few interviews were conducted with two or three interviewees (see the section "List of Quoted Interviews"), due to the fact that they were

all audio recorded, I was able to pinpoint exactly who said the quoted sentences, and therefore to quote interviewees directly. There is only one exception to this rule, the interview with Vida, Opalic and Begenisic, which is the only one which I jointly quoted due to the fact that I was unable to clearly pinpoint who exactly said the quoted sentences. Therefore, I quoted it throughout my doctoral dissertation as "Vida, Opalic and Begenisic 2013, interview".

In addition, similar to the comments regarding the analysed literature, interviews were conducted in English and Serbian, with a few interviewees speaking French as well, however, all the direct quotes and paraphrases in my doctoral thesis are translated into English, and I have always tried to convey the sense of the original. Apart from the UK interviewees, all other interviews were conducted with interviewees whose second language is English, and I edited all grammatical errors for the purposes of legibility and presentation. I did the same with pauses and hesitations in case of all interviews. Regarding the direct quotes from interviews conducted in Serbian (there are no direct quotes from the ones conducted in French), given the fact that English is my second language, again, all of them were additionally double-checked by the same GEM PhD scholar from Serbia (again *pro bono*) in order for the accuracy of my translations to be double-confirmed.

Finally, all the formal interviewees signed an elaborate consent form which was created in accordance with the guidance received both from my Warwick supervisor and Dr. Edward Page, the PAIS Research Ethics Officer (see Appendix 1). Finally, I listened to all the interviews at least twice, and processed them with the aid of the NVivo 9, interview processing software, for which I received a formal training at the University of Warwick.

Before I conclude this section, I will present the key advantages and disadvantages of using elite interviews as within-case methods. The main advantage of elite interviews pointed out by Emans (2004) and Gielissen and Graafland (2009) in their Fair Trade research is its

flexibility and the possibility to shed light on, otherwise, hardly answerable questions. For these methodological advantages, elite interviewing is crucial for answering my underlying research question and the reason why it is now my equally important within-case study method. An additional reason why I used elite interviews is the fact that my research focus was not on a single Fairtrade producer community or on a particular Fairtrade trader. Instead, I was interested in the already established Mexican and UK Fairtrade systems, as well as in the future prospective of Fairtrade in Serbia. Hence, I used elite interviews to cover all the aspects important for answering my research questions, which I could not achieve with non-elite interviews, a more focused surveys or smaller focus groups.

On the other hand, as with the critical analysis, there are at least two well-documented shortfalls in this method as well (Tansey in Kuzmic 2012, p.10). The first is the selection process, and my focus was on the elite interviews for reasons mentioned above. The second issue is the inaccessibility of the interviewees, which I practically did not experience, since almost all interviewees I wanted to interview were available and showed both a willingness to help and a genuine interest in my research. In the end, all interviews proceeded without any problems, in line with academic and ethical standards set by the University of Warwick and Université libre de Bruxelles.

4.4. Comparative Method and Lesson-Drawing Process

Comparative Method

The final part of my chapter on methodology will discuss the comparative method based on lesson-drawing principles, which will be used as the third main qualitative research method in my doctoral thesis. To begin with, according to Della Porta and Keating, the

comparative method is another key research method of social sciences (2008, p.198). They praise it for its ability to go "beyond descriptive statistical measures, towards an in-depth understanding..." (Ibid., p.202). It is also common practice to combine this method with case study research (Gerring 2007, p.27). It is not unusual "to combine several cases in a single study. If the cases are comprised of large territorial units, then this combination may be referred to as the "comparative" method... Thus, while a case is always singular, a case study work or research design often refers to a study that includes several cases" (Ibid.). This type of case study research will be my choice as well.

Furthermore, one of my contributions to knowledge is related to my use of two illustrative case studies focused on Fairtrade producers in Mexico and Fairtrade traders and consumers in the UK (supported by my field research in Belgium) and their comparative employment as lesson-drawing bases for my main case study focused on Serbia.

Firstly, there is a possibility for such application because there are comparative referent objects. Mexican poor and marginalised small-scale Fairtrade agricultural producers and their counterparts in the form of Serbian poor and marginalised small-scale food producers, as well as Fairtrade traders and consumers in the UK (supported by my field research in Belgium) and their counterparts in Serbia. Finally, parts of an envisaged national Fairtrade-like system (producers, traders and consumers) will be covered by the two cases, but Mexico also serves as an excellent illustrative lesson-drawing case due to its institutional foundation for development of a national Fairtrade-like system, having both the national Fairtrade organisation and the Fairtrade producer organisations. This will be the base for research of possibilities of developing a national Fairtrade-like system in Serbia as well and will be further discussed in Chapters VII and VIII.

Before I continue with the next part of this section, I will address one of the possible shortfalls regarding my use of the comparative method envisaged in this way, the one of

comparing apples and oranges. For example, how can research of Mexican poor and marginalised small-scale coffee producers illuminate Serbian poor and marginalised small-scale fruit and vegetable producers as potential Fairtrade producers? I resolved this issue in bypassing the nature of the product, through my original notion of Fairtradeness which will be presented next.

Notion of Fairtradeness

The "notion of Fairtradeness" is an important part of my methodological, as well as theoretical and analytical framework, and I define it as a "degree of Fairtradeness", i.e. to what extent someone who is a part of the Fairtrade system (a food producer, trader or consumer), or something (a specific product, or the whole Fairtrade system) is Fairtrade.

This question is rarely raised by Fair Trade practitioners and academics. The reason for this lie in the general understanding that if a product is certified Fairtrade, then it is Fairtrade (FLO-CERT 2011), and all producers, traders and consumers of that product are a part of the Fairtrade system, as Fairtrade producers, traders and consumers. However, more and more academics in the Fair Trade literature identify differences between "how Fairtrade" are, firstly, traders of Fairtrade products (Doherty et al. 2013, Davies 2009, Doherty and Tranchell 2007 and Low and Davenport 2005a and 2005b). Secondly, consumers of Fairtrade products (Doherty et al. 2013, Bondy and Talwar 2011, Alexander and Nicholls 2006, Watson 2006, Moore et al. 2006 and Cowe and Williams 2000), and finally, Fairtrade global value chains through which Fairtrade products are sourced (Doherty et al. 2013). Although all of these papers show that there is a difference, none of them clearly define what that difference is, or show different degrees of this difference, which I will do next.

In the case of the three referent objects, I identify the degree of their "Fairtradeness", i.e. how Fairtrade they are, by applying two criteria: firstly, how important membership in the Fairtrade system and its future are for them and secondly, how far they go for Fairtrade. Therefore, my definition captures two distinct aspects of Fairtradeness, the first which I will name "Fairtradeness by situation" (the aspect of need) and the second, "Fairtradeness by practice" (the degree to which Fairtrade International's criteria are respected). In order to explain this further, I will now give examples for all three key members of the Fairtrade system.

In the case of poor and marginalised small-scale Fairtrade producers, I identify the degree of their Fairtradeness (how Fairtrade they are) with regard to two criteria: firstly, how much they initially need Fairtrade certification, i.e. how poor, marginalised and small-scale they are and secondly, how strictly they comply with Fairtrade standards, i.e., can they comply in the first place, and secondly, if they can, to what extent is this the case, and do they undertake additional efforts. This understanding, in terms of methodology, solves the issue of different types of production (coffee vs. fruit and vegetables for example), since I compare the Fairtradeness of poor and marginalised small-scale producers, i.e. their need for Fairtrade certification (the difficulty of their position - the extent of their poverty, marginalisation and their size), as well as in the case of already included Fairtrade producers, their compliance with Fairtrade standards and in the case of prospective Fairtrade producers, their potential for compliance with Fairtrade rules and regulations.

When both aspects are combined, a Fairtrade producer who is in the worst situation in terms of poverty, marginalisation and small-scaleness, and who is fulfilling her/his Fairtrade certification obligations, but also "goes the extra mile" would be the one with higher Fairtradeness.

The same goes for the next Fairtrade referent objects. To begin with, the Fairtrade traders with higher Fairtradeness would be the ones for which the need for Fairtrade certification is the highest, in that Fairtrade is their *raison d'être* and that they are fully compliant with all Fairtrade standards, often going above and beyond. A typical example would be a 100% Fair Trade company solely trading Fairtrade products. On the other hand, Fairtrade traders with lower Fairtradeness would be the ones who have a low need for Fairtrade. Fairtrade products represent a marginal part of their assortment and they try to follow just the minimum Fairtrade rules and regulations, transferring all the Fairtrade certification and compliance costs down the value chains.

Consequently, a Fairtrade trader whose whole palette is Fairtrade and therefore, whose prospect completely depends on the future progress of the Fairtrade system, and who goes beyond what is a threshold for certification has a higher degree of Fairtradeness. On the other hand, Fairtrade traders, whose share of Fairtrade products in their offer is smaller and whose compliance with the Fairtrade system's *modus operandi* is not always exemplar have lower Fairtradeness.

Regarding the consumers of Fairtrade products, their degrees of Fairtradeness is measured, firstly, before they enter the shop (connected with the how much they need Fairtrade criterion), i.e. with the question if they came educated and knew why they are buying Fairtrade products, or bought them because there were no non-Fairtrade alternatives. Secondly, when they leave the shop, i.e. with the question if they are going to support the Fairtrade movement further, by taking active participation in peer-to-peer promotion and sales, in local and national Fairtrade support groups, Fairtrade Fortnight, World Fair Trade Day celebrations or Fairtrade supporter conferences, or they will move on with their lives (connected with the how far they go for Fairtrade criterion). Hence, a Fairtrade campaigner is

assigned a higher degree of Fairtradeness than a consumer of Fairtrade products from the "do-what-I-can" group.

Consequently, a Fairtrade consumer who consciously and due to the fact that s/he is educated about Fairtrade buys and then continues to support the Fairtrade system is the one with higher Fairtradeness. On the other hand, a Fairtrade consumer who is not devoted to Fairtrade purchases, and who finds himself unable or unwilling to invest time and effort in future Fairtrade developments is accorded a correspondingly lower degree of Fairtradeness.

Finally, all three referent objects are connected through a Fairtrade product that they produce, trade and consume, because the Fairtrade system is the product certification system that certifies products rather than producers, traders or consumers. Therefore, the Fairtradeness of a Fairtrade product depends on how much a producer, trader and consumer of that product is "Fairtrade". This is all then connected with the type of the value chain through which it came. The Fairtrade system aims for the preferable - relational type because, in this envisaged scenario, it includes Fairtrade producers, traders and consumers with the highest Fairtradeness. The more Fairtrade the different parts of the Fairtrade system, i.e. Fairtrade producers, traders, consumers and consequently the Fairtrade products are, the higher is the degree of Fairtradeness of the whole system.

Assigning every actor in the Fairtrade value chain a qualitative value proves that not every Fairtrade transaction is the same, demonstrating that the degree of Fairtradeness is not only important from the ethical perspective, which is my dominant viewpoint, but also from a consequentialist/utilitarian perspective as well, since the most desirable scenario would include producers, traders and consumers with the highest degree of Fairtradeness, and the least between the ones with the lowest. This is significant because, as De Meulemeester states, today, utilitarianism is the dominant philosophy that governs the reform agenda in Europe and around the world (2011, p.17).

One final methodological remark, and one regarding the potential practical implications of my notion of Fairtradeness is appropriate before I close. Ultimately, my goal is to be able to use my Fairtradeness scale in purely ordinal terms, which allows me to say that one product is more Fairtrade than another. I do not aim to assign the Fairtradeness of an actor an exact value in comparison to others, hence, I will not use my Fairtradeness scale in cardinal terms. This limits usage of my notion of Fairtradeness to comparisons of only a set number of fixed case studies, which is not a problem for my doctoral thesis due to the fact that it is envisaged in the manner as previously explained.

Secondly, my notion of Fairtradeness can also be a base for business practices that distinguish different degrees of Fairtradeness of Fairtrade products focusing on the degree of Fairtradeness of Fairtrade producers and traders. An idea which came from one of my interviewees, Veillard, the Fair Trade expert at the *Oxfam Magasins du Monde* (2013, interview) is a star-like classification system. In this envisaged scenario, a Fairtrade product with higher Fairtradeness (i.e. whose Fairtrade producers and traders are more Fairtrade) will have more stars, while the ones with lower Fairtradeness will have less. This will lead to clear distinction between them and possibly, to a race to the top, which could also benefit the Fairtradeness of the Fairtrade system as a whole.

Lesson-Drawing Process

Finally, regarding the question of lesson-drawing principles on which my comparison is based, I will use the pioneer work of Strathclyde Professor Richard Rose (1991 and 1993). Rose defined the lesson-drawing concept as one addressing "[u]nder what circumstances and to what extent can a programme that is effective in one place transfer to another" (Rose 1991, p.3). The lesson-drawing approach has already influenced the development of numerous

other approaches such as, for example, Dolowitz and Marsh's "policy transfer" (1996 and 2000).

Although it has raised a number of questions, its critics are far more focused on the approaches that derived from it than on the initial concept itself (see in James and Lodge 2003). Even when the critiques are directed at the lesson-drawing itself, they are far more connected with the question of it being different than "conventional rational accounts of policymaking" (Ibid., p.181). At the same time, they recognise that their critique "is not based on specifying alternative definitions to encompass empirical events or processes that the concepts in some way fail to recognise. Nor does it assert an alternative abstract definition or alternative explanatory model" (Ibid., p.180).

On the other hand, the proponents of this approach are numerous. Apart from the above-stated Dolowitz and Marsh (1996 and 2000), it is important to point out that it is an increasingly influential way of public policy research (Page 2000), and that it even presented a theoretical base for the UK's Economic and Social Research Council's Future Governance Programme (ESRC 2000). I will use the comparative method based on lesson-drawing principles for four reasons, and I detail each in turn.

Firstly, although the lesson-drawing concept was initially focused on states, governments and policy research, Rose claims it can be connected even more easily with economic and business processes (Ibid., pp.9-10). Since my focus is not on policy research, but mainly on developmental, economic and business aspects of the Fairtrade system it is clear why this is the first reason for my selections.

Secondly, comparisons based on lesson-drawing process fundamentally differ from conventional comparisons which, according to Dogan and Pelassy (1984), focus solely on *a posteriori* explanations. "By avoiding the logical trap of generalizing from a single case study, such studies can explain why a programme that worked in country X did not work in

country Y. But it is unusual for conventional social scientists to take the next logical step: to predict whether a programme now in effect in country X would be effective if transferred to country Y" (Rose 1991, p.8).

This is exactly the aim of my research, firstly, by asking the question regarding the possibilities of the introduction of Fairtrade production in Serbia based on the findings from Mexico. Secondly, by asking the questions about the future development of Serbian Fairtrade trade and consumption based on explanations offered by UK research (supported by the Belgian findings). Finally, by exploring the possibilities of establishing national Fairtrade-like systems based both on the general findings from these two illustrative cases and on the findings focused on the situation in the Mexican Fairtrade system, which has the already-stated institutional bases for development of a national Fairtrade-like system.

Thirdly, according to Rose: "[l]essons belong to the world of *Angewandte Sozialwissenschaft* (applied social science)" (Ibid., p.7), which is again important for my research. Apart from contributing to knowledge, I also aim to be relevant for Fairtrade practitioners and the future development of the Fairtrade system itself. Fourthly, the lesson-drawing process allows "hybridization", i.e. for a researcher to "[c]ombine elements of programmes from two different places" (Ibid., p.22), which is again crucial for my research.

My comparison based on lesson-drawing principles will follow Rose's five-step lesson-drawing procedure. As he did, I will start with "[s]canning programmes elsewhere" with the idea "not to become an expert about foreign experience, but to gain fresh ideas relevant to a problem that one's [have]" (Ibid., p.19). Secondly, I will produce a conceptual model. "The model should be accurate as description but its elements should be generic, rather than labelled by their names in French or German" (Ibid., p.20), or in my case, based on Mexican or UK observations. The third step is to compare foreign practices with the ones in a researched country and it is followed by the fourth step, the creation of a new model.

"Lesson-drawing draws upon empirical evidence of programmes in effect elsewhere to create a new programme for adoption at home. The formulation of a programme is best considered as a creative act, rather than as a process of copying" (Ibid., p.21). The final stage is the prospective evaluation (Ibid., p.22).

In the following four chapters (V - VIII), I will put forward analyses of the three Fairtrade referent objects, i.e. producers, traders and consumers, and they will be primarily examined through a prism of four lessons drawn from two illustrative case studies. From the Mexican case, those lessons will identify the main characteristics of Fairtrade producers and their indispensability for Fairtrade benefits, and the economic and non-economic advantages that they can bring to table. From the UK case, those lessons will be Fairtrade mainstreaming through supermarkets and Fairtrade campaigning, consisting of the most aware consumers of Fairtrade products.

4.5. Concluding Remarks

I started this chapter by presenting the critical analysis method which I used in order to review, evaluate and analyse the Fair Trade literature in chapters II and III. This method aided me in construing my theoretical framework, and it helped me find an answer to the first part of the puzzle of my doctoral research, the one regarding the internal normative and operational logic of the Fairtrade system, which has been breached in practice by the exclusion of the nine producer-excluded upper-middle-income economies.

Furthermore, following the literature on methodology, I chose the case study research method. The first two cases that I selected will be illustrative, focusing on Mexico and the United Kingdom, representing successful cases of, firstly, Fairtrade producers' and secondly, Fairtrade traders and consumers' countries, clearly showing the historical, contemporary and

future challenges for development of Fairtrade from all three perspectives. These cases are envisaged as the comparative and lesson-drawing bases for the main (third) case study, which will be focused on Serbia and its Fairtrade potentials.

In addition, I presented a smaller original point, the notion of Fairtradeness. I defined it as a degree of Fairtradeness, i.e. to what extent someone who is a part of the Fairtrade system (a food producer, trader or consumer), or something (a specific product, or the whole Fairtrade system) is Fairtrade. In the case of the three referent objects, I identified the degree of their Fairtradeness, in regard to how much they initially need Fairtrade and how far they go in pursuit of Fairtrade, capturing the two distinct aspects of Fairtradeness - Fairtradeness by situation, and by practice. Finally, all three referent objects are connected through a Fairtrade product that they produce, trade and consume. This is also important because the more Fairtrade the different parts of the Fairtrade system, i.e. Fairtrade producers, traders, consumers and consequently the Fairtrade products are, the higher is the degree of Fairtradeness of the whole system.

Therefore, in Chapter IV, I identified, outlined and explained the methodological choices of my doctoral research that will aid me in answering my underlying research question, thereby bridging the gaps and making the contributions to knowledge. In particular, this chapter should be seen as the base for my third contribution to the literature focused on making an innovative comparison based on two illustrative case studies which will be presented in the following chapters V and VI, and the main case study, which is the most important part of my dissertation, and which will be the topic of chapters VII and VIII focused solely on Serbia. By concluding Chapter IV, I made a bridge between the theoretical and the empirical parts of my doctoral thesis, concluding previous discussions and presenting the case study and comparative research method based on lesson-drawing principles as the introduction to the following chapters.

CHAPTER V - LESSONS FROM THE MEXICAN FAIRTRADE SYSTEM

Thus far, I have looked upon the Fairtrade system as a whole. In order to present my theoretical framework, I had to analytically simplify the system, thereby considering it as almost homogeneous. As a consequence, I regarded all three Fairtrade referent objects and key links in Fairtrade global value chains, Fairtrade producers, traders and consumers as practically the same in all countries, although I did explain how they differ in the sense of their Fairtradeness. This was my position in particular regarding national Fairtrade producers' and traders-consumers' structures and regimes, while in practice, this is not the case. Fully recognising the complexity of the Fairtrade system, I agree with Doherty and his colleagues, who summarise several Fair Trade debates by finding that "[b]oth the media and the vast majority of literature treat fair trade as if it is one holistic movement... [while in fact]... [m]any different forms of organisation compete within the fair trade market in many different ways" (2013, p.168).

On the Fairtrade producers' side, there are three very different Fairtrade regional producer networks (Fairtrade International 2014b) beginning with the smallest, Network of Asia and Pacific Producers (NAPP), counting a membership of 182 Fairtrade producer organisations. Furthermore, there is the fastest growing network, Fairtrade Africa, where Kenya, a country with the highest number of Fairtrade producers and workers (295,400) can be found (Ibid.). Finally, there is the oldest and the most developed *Coordinadora Latinoamericana y del Caribe de Pequeños Productores de Comercio Justo*, the Coordinator of Fairtrade Small Producers in Latin America and the Caribbean (CLAC), consisting of more than a half of all Fairtrade producer organisations - 624 in total (Ibid.). There are huge differences between their producer groups as well, from the passion fruit cooperative with

only seven members in Vietnam, to the one with over 60,000 Fairtrade coffee producers in Tanzania (Fairtrade International 2013a, p.4).

Even in the same regional producer network, in CLAC for example, there are 21 significantly different national Fairtrade producer systems, focused on 14 diverse Fairtrade products, among which, for instance, coffee is produced exclusively by small-scale producers, while bananas are produced on plantations (CLAC 2014). In this way, national Fairtrade systems like the coffee-based Mexico and banana-focused Ecuador differ significantly in practice, although they are a part of the same global Fairtrade system as the Fairtrade producer countries.

In Chapter V, I will therefore critically analyse one of the national Fairtrade systems, Mexico, and its lesson-drawing potentials important for my main case study, Serbia. The discussion will begin with the presentation of the system itself, focusing on my first referent object, i.e. the first link in Fairtrade global value chains, Fairtrade producers. Following this somewhat general discussion, given the fact that this chapter, as well as the next one on the UK is an illustrative case study, the following two sections will present two lessons which constitute the base for discussions regarding my main case study on Serbia.

Firstly, I will focus on identifying the main characteristics of Mexican Fairtrade producers and their everyday realities in order to set a foundation from which the possibility for finding potential Fairtrade small-scale producers in Serbia can be critically appreciated, which will be further discussed in Chapter VII. In addition, the second focal point of this chapter will contribute to this aim by debating to what extent Mexican Fairtrade producers benefit from Fairtrade. Again, in order to put forward a base for identifying the necessity and the possible advancements that Fairtrade can bring to Serbian poor and marginalised small-scale producers, which will also be further discussed in Chapter VII.

The "Mexican Chapter" will, therefore, be the lesson-drawing base for answering the first attendant research question - "To what extent can Serbian poor and marginalised small-scale producers, currently excluded from the Fairtrade system partake in that system?", and consequently, a base for answering a part of my underlying research question focused on prospective Fairtrade producers in Serbia. This will enable me to establish an innovative comparison that, together with the next chapter focused on the UK, will be the lesson-drawing base for discussions regarding my main case study - Serbia, which will be presented in chapters VII and VIII.

5.1. Fairtrade System in Mexico

The first Fair Trade labels that emerged from 1988 onwards were the foundation for the creation of the Fairtrade Mark on which the Fairtrade system is based today. In this regard, Mexico has a special place in the Fairtrade history, given the fact that the very first labelled product - coffee, was imported from this country. Therefore, the Fairtrade system considers, as its initial spark, the moment when the Dutch developmental organisation *Solidaridad* launched the Max Havelaar label for coffee from the Mexican coffee cooperative *Unión de Comunidades Indígenas de la Región del Istmo* (UCIRI) from Oaxaca, which is still in the main focus of many Fair Trade researchers, including Silvia Celis, who I interviewed during my field research in Mexico (2013, interview).

The history and the main stepping stones of the development of Fairtrade in Mexico in general and the production of Mexican Fairtrade coffee in particular correspond to the continuous state of crisis in which Mexican small-scale coffee producers found themselves from the late 1980s onwards, with the peaks in 1989 and 1997 (Jaffee 2007, p.37). Therefore, it can be said that the history of Fairtrade in Mexico is intertwined with the history of a

persistent coffee crisis affecting Mexican poor and marginalised small-scale coffee producers, as well as with their reactions.

The contemporary situation is similar, firstly, given the fact that the Mexican Fairtrade system is still, as it was in 1988, predominantly based on Fairtrade small-scale coffee production. Moreover, since the current price for coffee on the market is again in decline, according to Jeronimo Pruijn van Engelen (2013, interview), executive director of *Símbolo de Pequeños Productores* - FUNDEPPO; former executive director of the *Comercio Justo México* and secretary general of the CLAC and one of the most influential Fairtrade practitioners in the world.

Accordingly, Mexican Fairtrade small-scale coffee producers were, and still are constantly influenced by developments on the global coffee market, and they are currently facing the following contemporary challenges. To begin with, the income of the small-scale coffee producers in Mexico fell dramatically even when the crisis was considered overcome (Jaffee 2007). From 2011 onwards, the coffee prices began to decline again (Perez Akaki 2013, interview). One of my interviewees predicted, rather gloomily, that perhaps the global economic crisis on the coffee market has not fully borne out its effects, and that if the coffee prices continue to decline this will certainly happen (Pruijn van Engelen 2013, interview). Therefore, the global coffee price drop between 2011 - 2013 (Perez Akaki 2013, interview) is an additional hindrance for 260,000 small-scale coffee producers in Mexico (Chadi 2013, interview, Gielissen and Graafland 2009, Jaffee 2007, Low and Davenport 2006).

Unlike the explanation offered by the contemporary inclusive neoliberalism, the collapse of the quota system, which happened in 1989, and the structural oversupply which increased from 1997 are not the only factors significant for understanding the coffee crisis during the last 25 years and corresponding drop in prices. After 1989, global coffee value chains increasingly assumed the shape of an hourglass, with multinationals and supermarkets

as the "new gatekeepers", as theoretically explained in Chapter II (see pp.57, 71). Consequently, "[b]oth the commodity crisis of falling prices for agricultural products and the concentration of power by a few supermarket chains are general patterns in the agricultural industry that are exacerbated in the coffee sector" (Schmelzer 2006, p.12).

An illustrative example is of the famous "Big Five" coffee corporations, i.e. Nestlé, Sara Lee, Philip Morris, Procter and Gamble and Tchibo that share about 70% of the combined global roasted and instant-coffee markets between them, which reported successive record profits, especially from 1997 onward (Jaffee 2007, p.49). Osorio's points out that, before 1989, coffee producers from developing countries received between \$10 and \$12 (€8.94-10.72, £6.5-7.8, RSD1,074.11-1,288.94) billion annually. By 2003, this figure had dropped to \$5.5 (€4.92, £3.57, RSD590.76) billion, while at the same time, coffee traders and sellers from the Global North increased their retail sales volume from around \$30 (€26.82, £19.49, RSD3,222.34) billion before the crises, to \$80 (€71.52, £52, RSD8,592.91) billion in 2003 (2004, p.2).

Moreover, both the literature (see for example Gielissen and Graafland 2009) and my interviewees (especially Pruijn van Engelen 2013, interview) have warned that due to the price drop and the rise of the non-Fairtrade and Fairtrade price differentials, the biggest multinational companies and supermarkets can switch from the Fairtrade label to cheaper and less demanding certification schemes.

Additional complications with the final link of the global Fairtrade coffee value chains, Fairtrade consumers, are entirely conceivable. Pruijn van Engelen has commented that "one of the reasons why there is an increase in Fairtrade sales is also the fact that the price difference between non-Fairtrade and Fairtrade products is not so big at the moment - especially in the simple global value chains... However, now with the global coffee prices

decline again we are going to see how committed Fairtrade traders and consumers really are and how crisis-resistant Fairtrade really is" (Ibid. 10:05).

Current trends regarding Fairtrade traders' and consumers' involvement contradict their predictions, confirming caring across spaces understanding which I presented in Chapter II (see the section 2.3.). However, given the fact that warnings are coming from some of the most experienced Fair Trade researchers and practitioners, I put them forward nonetheless.

The above-stated challenges are facing Fairtrade producers both globally and particularly in Mexico, due to its coffee production base. Their consequences on Mexican Fairtrade producers' lives and the Fairtrade benefits designed to tackle them will be the most important topics discussed in the rest of this chapter²⁶.

5.2. Lesson 1: Mexican Fairtrade Producers' Main Characteristics

In the following two sections, I will discuss two features I have identified as crucial lesson-drawing bases for my main case study on Serbia. Here, I will present the main characteristics of Mexican Fairtrade producers and their everyday realities in order to put forward the base for questioning the possibility for finding potential Fairtrade small-scale producers in Serbia. In the following section, the Fairtrade benefits that Mexican Fairtrade producers are receiving will be analysed, again in order to put forward the base for identifying the need for them and the possible advancements that Fairtrade can bring to Serbian poor and marginalised small-scale producers. These two lessons will be the empirical foundation upon which I will build my conclusions in Chapter VII, showing that in terms of

²⁶ There are other challenges, like the ones identified by Perez Akaki putting forward environmental issues such as a fungus which started to heavily affect the coffee production in Mexico and security problems connected with drug production and transport to the US (2013, interview). Although certainly very significant in the case of Mexico, these and similar challenges will not be in the focus of my analysis due to their tangential lesson-drawing potential for my main case study - Serbia.

their Fairtradeness, Mexican Fairtrade producers are on a par with Serbian poor and marginalised small-scale producers, who are currently forbidden from entering the Fairtrade system and that their exclusion is therefore indefensible. In this way, the theoretical foundations presented in chapters II and III supporting my position will be empirically enhanced.

Mexican Small-Scale Coffee Producers

According to Luis Martínez Senties, agricultural advisor of the Ministry of Agriculture of Mexico (SAGARPA) at the Representative Office for Europe at the Embassy of Mexico in Belgium, Mexico, as a country, can be divided into two distinct agricultural halves (2013, interview). The northern (including the central part) is dominated by large-scale food producers, which are more industrialised and export oriented, while in the southern part, small-scale producers prevail (Ibid.). Mexican coffee producers are situated in the latter part, especially in the states of Oaxaca, Puebla, Veracruz and Chiapas (Perez Akaki 2013, interview). Fairtrade production was also inaugurated here (Celis 2013, interview).



Map 1. Map of Mexico - States and State Capitals (Map of Mexico 2015).

This should not come as a surprise as all of these states, apart from being populated by small-scale coffee growers are, at the same time, the most deprived among all Mexican states by most developmental parameters (Perez Akaki 2013, interview and Wodon et al. 2003), alongside the slums of the big Mexican cities (Perez Akaki 2013, interview). In terms of strict productivity, the small-scale Mexican coffee producers can hardly achieve the efficiency of the large plantations, however, they are exceptionally effective in terms of local and ecological sustainability (Jaffee 2007, p.40), which is equally or more important from their perspective. Furthermore, the individual scale of production, which can be very low (Perez Akaki 2013, interview) can be bypassed by the formation of producer cooperatives "in order to accumulate production, and to put it forward in the market" (Martinez Senties 2013, interview 17:08).

However, this method is not without its challenges, due to the issues connected with the organisation of producer cooperatives. In Mexico, according to Jaffee, most Mexican small-scale coffee producers now belong to a producer organisation, with *Coordinadora Nacional de Organizaciones Cafetaleras* (CNOC) having around 70,000 members, i.e. around 25 percent of the national total of affiliated members, alongside *Confederación Nacional Campesina* (CNC)-affiliated organizations that syndicate a further 31 percent. These organisations are "often criticized for their inefficiency and corruption" (2007, p.54).

The need for a more successful coffee production, for stronger small-scale producers and more democratic and efficient cooperatives therefore persists. According to its supporters, Fairtrade offers a partial or complete answer to these challenges facing Mexican small-scale coffee producers in particular, and other poor and marginalised producers around the world in general.

Mexican Fairtrade Producer Organisations

Mexican small-scale Fairtrade coffee producers are required to be members of larger Fairtrade producer cooperatives, to gain access to the system, as already discussed in Chapter III (see p.99). The Mexican small-scale coffee producers on which I am basing my research are either highlighted by the most prominent works in the Fair Trade literature (for example, Jaffee 2007, Lyon 2006, Milford 2004 and others) or are of research and practical concern to my interviewees (Celis 2013, interview, Chadi 2013, interview, Perez Akaki 2013, interview, Pocovi Garzon 2013, interview, Pruijn van Engelen 2013, interview and Quijano 2013, interview).

The most famous among them are UCIRI (Celis 2013, interview), *Michiza* (Jaffee 2007), ISMAM (Milford 2004), *La Selva* (Cabañas 2002) and *Unión de Cooperativas Tosepan Titataniske* (Perez Akaki 2013, interview). As already explained, the Union of Indigenous Communities in the Isthmus Region (UCIRI) is the oldest Fairtrade cooperative from Oaxaca. *Yeni Navan* (Permanent Sunrise) *Michiza* is another representative Fairtrade cooperative from Oaxaca, which was at the heart of, thus far, one of the most prominent research on Fairtrade in Mexico in the whole Fair Trade literature conducted by Jaffee (2007). *La Unión de Sociedades de la Selva* is a coffee cooperative in the Lacandon jungle of southern Mexico with around 2,000 small-scale indigenous members (Big Bend Coffee Rosters 2007) and finally, *Unión de Cooperativas Tosepan Titataniske* is a very large cooperative with 17,000 members consisting of coffee, but also pepper, citrus and honey producers with the headquarters in Cuetzalan in the state of Puebla.

I will also use the data analysed and gathered on other Fairtrade producer organisations from Oaxaca (Celis 2013, interview and Jaffee 2007), Chiapas (Chadi 2013, interview, Pocovi Garzon 2013, interview, Pruijn van Engelen 2013, interview, Milford 2004,

Cabañas 2002 and Perezgrovas and Cervantes 2002) and Puebla (Perez Akaki 2013, interview, and Quijano 2013, interview). The reason behind my decision is the fact that they are the strongest regions in terms of Fairtrade production and sales (Martinez Senties 2013, interview). All information in the rest of the chapter originates from the critical analysis of the Fair Trade literature and from the data compiled from my field research regarding the above-mentioned regions in general, and Fairtrade cooperatives and producers from them in particular.

Mexican Fairtrade Producers

Following the explanation of the broader context in which Mexican Fairtrade producers operate, I will now discuss in detail their general poverty levels, business challenges, state of their local infrastructure, social services and programmes, as well as availability of national subsidies and developmental aid and issues connected with migrations and demography. In this way, I will discuss their main characteristics and everyday realities.

General Poverty Levels

Mexican Fairtrade producers originate from the group of poor and marginalised, small-scale producers that are often of indigenous ancestry. They live in rural areas and often work on communal land (Celis 2013, interview). As Martinez Senties has stated, where there are small-scale producers, with little income, living in small communities, there is a fertile ground for Fairtrade because they will be searching for this kind of instrument to have access to market (2013, interview). Their views are in line with how I have defined poor and

marginalised small-scale producers who can enter the Fairtrade system as discussed in Chapter II (see pp.61-62).

However, right from the start, it is important to point out that Mexican Fairtrade producers do not arise from the poorest of the poor, the issue which was also discussed in the theoretical part of my dissertation, as confirmed by Perez Akaki (2013, interview). Pocovi Garzon supports his point by putting forward an example from Chiapas, where many poor and marginalised small-scale producers simply do not have a budget for certification (2013, interview).

Furthermore, even the poorest Mexican regions differ significantly from the ones in the least developed, low or lower-middle income economies in Africa or Asia. "Of course, we are not... a poor country like in Africa. This is a very different situation... In Mexico we have very poor towns, very poor places, very poor families... [not] regions of poverty, but towns, smaller scale... Family that is very poor, that hasn't enough resources for feeding their kids... So this kind of inequality" (Perez Akaki 2013, interview 25:53, audio 1).

Therefore, in general, people are not starving (Ibid.) and "basic food security in Mexico is not a problem" (Martinez Senties 2013, interview 32:55). For both Fairtrade and non-Fairtrade producers, even in the poorest states like Oaxaca "[g]etting enough food is not a problem... even for the very worst off, there is always fruit or tortilla with salt to fill the stomach during the lean months" (Jaffee 2007, p.168). The difference between these two groups is that Fairtrade producers and their families are eating more and better than their non-Fairtrade neighbours (Ibid., p.180). O'Grada's prominent research (2007) points out that today, even in the least developed countries, and Mexico is certainly not one of them as thoroughly discussed above, "*prolonged* famine anywhere is conceivable only in contexts of endemic warfare or blockade" (Ibid., p.31). However, the challenge lies in adequate nutrition. The normal diet in Mexico, "even in good economic times, is deficient in protein and other

nutrients" (Jaffee 2007, p.168) and, at the other extreme, obesity prevails, especially in the slums of larger cities (Perez Akaki 2013, interview).

Business Challenges

Mexican Fairtrade producers operate far more viable businesses than their non-Fairtrade counterparts. Depending on the region, Mexican Fairtrade small-scale coffee producer grow their production, on an average area of 2ha (Akaki 2013, interview), 3ha (Celis 2013, interview), and up to 4.5ha of land (Jaffee 2007). When compared with other small-scale producers around the globe, both in the Global South and in the Global North, they are therefore not so small. I will go even further, by stating a problem thus far unexplored by the academic literature on Fair Trade. According to one of my interviewees, an agricultural researcher from Mexico City, Emiliano Quijano, it is true that Fairtrade International certifies only cooperatives of small-scale coffee producers, however, it is also true that some of them, in Puebla for example, have members with different farm sizes (2013, interview). Without a doubt, the majority will have between two and three hectares. However, there will be certain "small-scale" members with up to 20ha of their own and/or rented land (Ibid.), which is a completely unimaginable for many poor and marginalised small-scale producers around the world.

According to numerous Fair Trade scholars and my interviewees (Martinez Senties 2013, interview, Perez Akaki 2013, interview, Pocovi Garzon 2013, interview, Pruijn van Engelen 2013, interview, Nelson and Pound 2009, Jaffee 2007, Schmelzer 2006, Milford 2004, Cabañas 2002 and Perezgrovas and Cervantes 2002) Mexican Fairtrade producers enjoy numerous further advantages due to their Fairtrade membership. These include better market access, more accurate market information, greater creditworthiness and access to

credits and insurance in comparison to their non-Fairtrade counterparts (Ibid.). They benefit, moreover, from long-term relations with Fairtrade traders, experiencing production stability, and have greater access to technological improvements. All of these benefits conferred by Fairtrade membership, will be further discussed in the next section, as the second lesson to be learned from the Mexican Fairtrade system.

Finally, an everyday experience for all non-Fairtrade growers is the constant dealing with middlemen. As Perez Akaki points out, one of the biggest problems for any Mexican small-scale coffee producer are intermediaries, *coyotes*, who force them "to sell their products very cheaply" (2013, interview 23:25). By contrast, this is not an everyday reality for a Fairtrade producer, who has a chance to sell even more than 80 percent of her/his production under Fairtrade terms, even though s/he occasionally deals with coyotes (Jaffee 2007, p.95).

Local Infrastructure, Social Services and Programmes

Due to the Fairtrade premiums and their impact on infrastructure, Fairtrade producers are not isolated anymore and they can now reach the nearest urban area in half the time required before entering the Fairtrade system (Celis 2013, interview). Using the same premiums, they were able to build schools and significantly improve their housing, combining traditional building methods with contemporary floor and roofing solutions (Ibid.). Their houses, for example have a separate kitchens, which is considered to be an almost exclusively female space: "One lady said to her husband, I do not like my kitchen anymore, and her husband had to build a new one for her, because this is her space" (Ibid. 28:30).

Furthermore, most of their houses have all appliances like refrigerators, TVs and especially radios, which are, according to her, interestingly, more important for a Fairtrade small-scale coffee producer because s/he listens to the program while working in the field (Ibid.). Finally, as Martinez Senties stated, Fairtrade has brought electricity and sanitation to many communities (2013, interview).

In addition, there are numerous governmental social programmes, which are more or less available to Mexican Fairtrade producers although it is important to state right from the start that some have enjoyed marginal success, were temporal in duration, or were simply exploited for political purposes (Perez Akaki 2013, interview). Among the most important are, firstly, *Seguro Popular*, which was envisaged as a public health programme. However, it has a number of limitations in terms of entry requirements, quality, and coverage (Ibid.). "It is only basic health care... without real access to specialists, or any type of complicated surgeries... it is not complete... if you need a caesarean for example, you have to pay for medicines" (Celis 2013, interview 40:00). Moreover, due to a lack of basic surgeries rurally, an individual has to travel to a larger city for treatment. By contrast, a Fairtrade producer in Chiapas, for example, where Fairtrade is present, has access to an ambulance, alongside other auxiliary health programmes, due to Fairtrade premiums (Pocovi Garzon 2013, interview).

The next programme is *70 y Más*, a system of state pensions worth around 45 dollars (€41.3, £28.83, RSD4,967.55) per month. It was trialled in Mexico City, but subsequently implemented in the whole country (Perez Akaki 2013, interview). The final programme is *Oportunidades*, which started as *Progresá* changing names with the changes of governments (Ibid.). This is a state scholarship programme worth at least \$80 (€71.52, £52, RSD8,592.91) per month per pupil and student (Ibid.). Given the fact that for every child, there is an additional payment, many have criticised this programme for its vulnerability to exploitation, because for some, children soon became the source of income (Celis 2013, interview).

Pruijn van Engelen states two general critiques of all the above-stated governmental agricultural and social support programmes (2013, interview). Firstly, they are "consumption oriented... sometimes contra-productive for production... introduced in order to keep people occupied" (2013, interview 36:47). Secondly, government policies seldom encourage small-scale producers and small-scale food production. They are "not favoured in general, since both policies and pressure to prices are more supportive for big producers" (Ibid. 28:55).

On the other hand, Martinez Senties disagrees, arguing that not all above-mentioned, together with other old and new, general and specific governmental agricultural and social programmes are consumption based. On the contrary, he believes that some of them are able to give an "incentive to all producers to have more yields and... new technology" (2013, interview 31:07). Finally, it is also important to point out that none of my interviewees saw the Mexican Fairtrade producers as better off without them.

National Subsidies and Developmental Aid

One of the strongest arguments against the classification of European upper-middle-income economies as producer countries are their connections with, and the help they receive from the EU. This argument was recounted in the Introduction and in Chapter III when the Global North - Global South divide critique, and with it, the interconnected position of upper-middle-income economies were discussed (see pp.28-32, 114-128). Now going into more detail, firstly, this argument is based on a double-standard, because Fairtrade producers in Mexico are actually encouraged to enter the Fairtrade producer groups, as these cooperatives help them to apply for national agricultural support programmes. "Another reason producers frequently give for joining producer organizations is to obtain access to *apoyos* (government support programs) for small coffee producers. There are two main federal coffee-support

programs in place, which at the time of the survey were available only to producers who belonged to organizations, either independent or CNC-affiliated" (Jaffee 2007, p.98).

In line with this is Nelson and Pound's meta-review stating that in "[s]even of the total studies reviewed specifically highlight the effect of Fairtrade participation in enabling Fairtrade co-operatives to access external sources of funding in the 'honeypot' effect, i.e. the demonstration of an effective organisation convinces development agencies and governments that the co-operatives are viable and are worth investing in and supporting" (2009, p.29). Although the international development projects are far from perfect, and have raised numerous critics (Easterly 2006, see also in Heron 2014 and Richardson-Ngwenya and Richardson 2014), their presence in Mexico, and the fact that Fairtrade producers are encouraged to participate, remains evident.

Migrations and Demographic Challenges

The final characteristics of a Mexican Fairtrade producer, important for comparison with Serbian poor and marginalised small-scale producers, are connected to issues of migration and demography. Firstly, Mexican Fairtrade producers can rely on an additional support in the form of the social safety nets consisting of family and friends, which are very strong in Mexico. "Mexicans are very well known as a family oriented society, so you will never see abandoned parents or abandoned grandparents" (Martinez Senties 2013, interview 31:57).

Perez Akaki goes as far as saying that social ties are the reason why Mexico does not experience revolutions (2013, interview). "The economy for many people is very tight, it is very hard, and ties to the United States, migration to the United States has been like an exhaust valve" (Ibid., 42:48). Actually, according to Jaffee, "the primary source of income for

rural communities is not agricultural production but remittances - payments sent home by migrants in the United States... and a few remaining federal aid programs" (2007, p.166).

However, in order to send remittances and to help their families, Mexicans have to first emigrate to the US, which is another big issue for the majority of small-scale producers in all upper-middle-income economies, i.e. mass migration followed by the abandonment of the countryside. In Mexico, migrations have a very long tradition, with half a million people seeking a better life in the US every year (Perez Akaki 2013, interview). As a consequence, "the position of small-scale producers is not getting better, on the contrary, and quite often, more migration is the only option which further weakens the rural economies and the countryside bringing additional loss of human capital and production capacities making it even less efficient and more expensive" (Pruijn van Engelen 2013, interview 30:15), subjecting small-scale production to a vicious, downward spiral.

This leads to another indirect negative consequence, unidentified by the Fair Trade literature thus far. Due to the fact that people, when they leave their land, rent it to their neighbours, the parcels become larger, which is not bad in itself. However, this leads to almost exclusive establishment of monoculture cash crops on that land. This influences biodiversity and ecological sustainability in general, and entails severe social implications as well, changing the villages from locally oriented, sustainable peasant-producer communities to export oriented producer operations (Pruijn van Engelen 2013, interview). There is a specific reason why emigrants are not simply selling or just abandoning their lands in Mexico, a theme that remains similarly unexplored by the Fair Trade literature. Again, one of my interviewees explained that the very reason is because "if it is abandoned, they will not be in the category to receiving certain subsidies. So, those subsidies are also a sort of incentive for not abandoning the land" (Martinez Senties 2013, interview 27:20).

To conclude, in this section, I presented the main characteristics of Mexican Fairtrade producers and their everyday experience, which I have identified as one of the most important lesson-drawing bases for my Serbian case. By critically analysing the literature and using the empirical data which I collected in my fieldwork, I put forward the base for the argumentation which I will present in Chapter VII, demonstrating why, in most aspects, a Mexican Fairtrade producer is not lagging terribly behind a Serbian poor and marginalised small-scale producers, while in others s/he has a clear advantage, directly deriving from Fairtrade. This is the first lesson out of four which will be drawn from my illustrative case studies and used as a foundation for debates in Serbian chapters VII and VIII.

5.3. Lesson 2: Mexican Fairtrade Producers' Benefits

The next section focuses on the second most important feature of the Mexican Fairtrade system I have identified as a lesson-drawing base for my Serbian case, namely the Fairtrade benefits that Mexican Fairtrade producers enjoy. I define Fairtrade benefits in line with Roche's understanding of what an "impact" is - a lasting or significant change (1999), seen from a positive perspective. Hence, my focus is on the practical positive, lasting or significant changes brought by the Fairtrade system to Mexican Fairtrade small-scale coffee producers, which should be looked upon from the theoretical framework based on Fairtrade principles and benefits discussed in Chapter III (see the section 3.1.). They were analysed in order to identify possible advancements that Fairtrade can bring to Serbian poor and marginalised small-scale producers once Fairtrade International's standards are changed and to answer the question whether there is a real need for them. All this is done in order to support my position, based on this chapter's conclusions and the further debate which will be

presented in Chapter VII that Mexican Fairtrade producers, in terms of their Fairtradeness are on a par with Serbian poor and marginalised small-scale producers.

In this section, I will offer one of the most comprehensive summaries of the Fairtrade benefits ever presented in the Fair Trade literature. I will base it, firstly, on analyses in the form of a meta-review (Nelson and Pound 2009), comparative research (Arnould et al. 2006, Kilian et al. 2004, Dankers 2003, Murray et al. 2003 and others) and Mexican case studies (Jaffee 2007, Milford 2004, Renard 1999 and others). Secondly, I will base it on other influential works (Doherty et al. 2013, Smith 2009, Lamb 2008, Murray and Raynolds 2007, Barrientos and Smith 2007, Hayes 2006, Schmelzer 2006, Nicholls and Opal 2005 and others). Finally, it will be founded on a number of Mexican elite interviews that I have conducted (Celis 2013, interview, Chadi 2013, interview, Martinez Senties 2013, interview, Perez Akaki 2013, interview, Pocovi Garzon 2013, interview, Pruijn van Engelen 2013, interview, Renard 2013, interview and Quijano 2013, interview).

I identified twenty benefits, and unlike the majority of academic papers, I offer a different classification dividing them into three groups. The first one is concentrated on monetary benefits in the form of the Fairtrade minimum price and the Fairtrade premium. The next thirteen Fairtrade benefits are categorised as the "non-monetary economic" group and the final five are in the "non-economic"²⁷ group of benefits. Finally, the analysis below is one of the handful of comprehensive studies regarding this topic in the Fair Trade literature which is based both on primary and secondary data.

²⁷ It can be argued that even these benefits are connected with Fairtrade producers' future monetary and economic advancements, however, they are predominantly from the non-economic spheres.

| Groups | Benefits |
|---|--|
| Monetary Benefits | Fairtrade minimum price |
| | Fairtrade premium |
| Non-monetary Economic Benefits | Access to market information |
| | Access to markets (domestic and export) |
| | Pre-harvest/pre-production financing |
| | Greater creditworthiness |
| | Better risk perceptions |
| | Long-term commitments which lead to increased quality |
| | Increased credibility |
| | Production stability |
| | Technological improvements |
| | Diversification of production which leads to environmental advancements |
| | Sustainable organic production which leads to environmental advancements |
| | Reduction (exclusion) of middlemen |
| Non-economic Benefits | Positive influence on conventional, non-Fairtrade markets |
| | Individual empowerment |
| | Improvements in living conditions |
| | Educational benefits for producers' children |
| | Organisational advancements |
| | Political and cultural strengthening of communities |

Table 18. Three groups of Fairtrade Benefits.

Monetary Fairtrade Benefits

I will start with the two most famous and, at the same time, the most contested Fairtrade benefits, the two monetary advantages that Fairtrade producers receive over their non-Fairtrade counterparts, the Fairtrade minimum price and the Fairtrade premium. As already theoretically discussed in Chapter III, according to Nicholls and Opal, the Fairtrade minimum price is envisaged for Fairtrade producers to "cover their costs of production and [to] provide for their families" (2005, p.41) and this benefit is especially important in the case of Fairtrade coffee (Jaffee 2007, Renard 1999 and others).

The situation in Mexico follows this general trend, given the fact that researchers found that Fairtrade small-scale coffee producers' revenues are up to two times higher than of their non-Fairtrade neighbours, even after deduction of cooperative management, additional labour and all other costs (Jaffee 2007, p.123). The income from coffee can represent more than 80 percent of family income in a Fairtrade cooperative, such as in Chiapas, therefore, the

double income from the Fairtrade minimum price makes a significant difference (Perezgrovas and Cervantes 2002).

Jaffee points out another very important and rarely mentioned aspect of the Fairtrade minimum price. Unlike payments from *coyotes*, which are paid at the time of sale, payments for Fairtrade producers from the Oaxacan Michiza cooperative, for example, are made throughout the year, yielding the best price (2007, p.96). Even though there are cases where the double income from Fairtrade is not the norm (Murray et al. 2003, p.6) and having in mind the already presented critiques in Chapter III, many of the above-stated academics and interviewees nevertheless hold that the Fairtrade minimum price functions like a life jacket for Fairtrade producers, guarding them from future deterioration (Arnould et al. 2006).

The Fairtrade premium is the second monetary benefit, held by Utting-Chamorro for example, to be more important than the Fairtrade minimum price (2005). These funds are invested in "expanding the human and physical capital of both businesses and the wider community" (Smith 2009, pp.466-467) as already explained in Chapter III.

In Mexico, these funds generate impressive results, which should not come as a surprise in light of its Fairtrade production maturity and its subsequently long history of Fairtrade premium supported development. Moreover, due to the contemporarily favourable circumstances, the Fairtrade premium for coffee is currently "being raised to make fair trade more attractive to producers" (Doherty et al. 2013, p.167). Martinez Senties cites basic amenities, like electricity and sanitation, brought to many remote communities in Mexico (2013, interview) as an example of development enabled by this benefit. The other example is offered by Pocovi Garzon, who pointed out that in Chiapas, many Fairtrade producers have easy access to ambulance and medical help for the first time due to the Fairtrade premium payments (2013, interview).

Concluding the debate about the first group of benefits, it is also important to point out that some academics consider that the non-monetary/non-economic Fairtrade benefits and not the two monetary benefits, which always take centre stage in any Fairtrade debate, are actually the more significant aspects of the Fairtrade system (Perez Akaki 2013, interview, Murray and Raynolds 2007, Jaffee 2007 and Hayes 2006). I similarly consider the non-monetary/non-economic benefits at least equally vital for poor and marginalised small-scale producers as the Fairtrade minimum price and the Fairtrade premium, and they will be discussed next.

Non-monetary Economic Fairtrade Benefits

The second group of Fairtrade benefits consists of thirteen different, interconnected non-monetary economic advancements. According to Fairtrade supporters, the above-stated academic analyses and my Mexican expert interviews, for many Fairtrade producers, Fairtrade has improved access to market information, export markets and pre-harvest/pre-production financing, it has refined risk perceptions, increased credibility and brought long term commitments and production stability. In addition, it has enabled technological improvements, the possibility to diversify production, with a special focus on organic farming with significant ecological implications, it cut the middlemen, and finally, has positively influenced conventional, non-Fairtrade markets.

Furthermore, by participating in the Fairtrade system, Fairtrade producers have reduced the information asymmetry and received more accurate and timely market information than ever before (Utting-Chamorro 2005 and Milford 2004). This benefit is interconnected with the claim that Fairtrade has brought "tangible benefits to farmers by connecting them to export markets" (Kasterine 2006, p.18). This is one of the benefits which

was often highlighted by my interviewees as well, especially by Pocovi Garzon stating that Fairtrade is "a connection to European brokers" (2013, interview 06:49) and by Martinez Senties identifying Fairtrade as "an instrument for more and more Mexican producers to access the market" (2013, interview 03:16).

Furthermore, the Fairtrade system can facilitate Fairtrade producers' access to pre-harvest/pre-production financing, improving their creditworthiness (Hayes 2006). Consequently, the lack of rural credits, this "chronic problem for peasant farmers around the world" (Jaffee 2007, p.110) is less evident in the case of Mexican Fairtrade producers. For example, in an Oaxacan small-scale coffee community consisting of both Fairtrade and non-Fairtrade producers, the former are in a far better position than the latter (Ibid. p.111).

The better pre-harvest/pre-production financing is interconnected with better risk perception (Bacon 2004, p.506), longer-term commitments (Murray and Reynolds 2007, p.5), that lead to increased credibility (Schmelzer 2006, p.22), and greater production stability (Utting-Chamorro 2005, p.592 and Milford 2004, p.59). The security arising from the fact that someone will buy their products and that they will continue operating is crucial for Fairtrade producers, even if the direct monetary gains are modest (Pocovi Garzon 2013, interview). To state this even more directly, as one of the most experienced Fairtraders in the world, Pruijn van Engelen did in his interview, "Fairtrade is giving Fairtrade producers stability, which is the most important" (2013, interview 43:50).

The above-presented non-monetary economic benefits allow Fairtrade producers to make long-term decisions (Jaffee 2007), which, firstly, led to the incentive to increase the quality of production for an old and trustworthy customer. Cumulatively, this enables technological improvements in management, business practices, product quality and equipment production (Nelson and Pound 2009, Lamb 2008 and Nicholls and Opal 2005). In turn, this allowed, for example, *La Selva*, a coffee cooperative in Chiapas, to innovate and

start selling their coffee domestically (Cabañas 2002, p.30). It similarly enabled ISMAM, another coffee cooperative from Chiapas, to buy a large roasting machine in order to offer packaged coffee (Milford 2004, p.54). According to Perez Akaki, production and business innovation and administration knowledge are among the most important Fairtrade benefits (2013, interview). Even if the Fairtrade system fails completely in the future, this expertise will certainly remain in place (Ibid.).

The following two non-monetary economic benefits are the possibilities to diversify the production and to move to more lucrative and, at the same time, more ecologically sustainable organic production (Nelson and Pound 2009, Lamb 2008 and Nicholls and Opal 2005). Particularly important is the latter, due to the already-stated big difference between conventional and organic sales. Perezgrovas and Cervantes' research on Fairtrade coffee production in Mexico (2002) showed that the Fairtrade organic coffee beans can be nearly 300 percent more expensive than the price fetched for conventional coffee offered by local coyotes. In addition, the switch to organic production is especially important in today's market due to the fact that "it is increasingly difficult to find buyers for nonorganic fair-trade coffee" (Contreras Díaz in Jaffee 2007, p.148, also indicated by Chadi 2013, interview). Finally, as already stated, the organic production is one of the most important ecological Fairtrade benefits, given the fact that it helps producers to go from monoculture, i.e. cash crop production, to production which simultaneously brings income while satisfying their own needs for food security and ecological sustainability (Nelson and Pound 2009).

The penultimate non-monetary economic benefit is, at the same time, one of the main goals of the Fairtrade system and a part of its internal normative and operational logic, which aims to reshape global value chains by cutting out middlemen and re-connecting producers with traders and consumers more directly, as discussed in the section 2.3. on caring across spaces. It is important to restate that in Mexico, unlike their non-Fairtrade counterparts,

Fairtrade producers, still have the opportunity to sell, more than 80 percent of their production under Fairtrade terms, even though they trade with *coyotes* from time to time.

Finally, due to other Fairtrade benefits, the Fairtrade system has a positive influence on the conventional, non-Fairtrade markets as well. Firstly, in Mexico, the benefits attached to both the Fairtrade minimum price, as well as Fairtrade premium supported local developmental projects, spill over to entire communities, including non-Fairtrade producers (Schmelzer 2006, p.23). Furthermore, market information, which the Fairtrade producers receive due to their long-term and stable relations with other members of the Fairtrade system, is shared with their neighbours in order to help them capture more value on the conventional market. The same is true regarding information about access to new export markets (Nelson and Pound 2009, pp.12-13).

Moreover, in Oaxaca, for example, Fairtrade families create extra days of waged employment, above the conventional average, for other community members, putting additional funds into the pockets of both Fairtrade and non-Fairtrade workers in particular, and into the community's economy in general (Jaffee 2007). Finally, the presence of the Fairtrade system forces all middlemen to correct their prices, which is beneficial for non-Fairtrade producers as well (Milford 2004). Apart from the above-stated, significant monetary and non-monetary economic Fairtrade benefits, there are also the non-economic ones which can be equally important and which will be elaborated on below.

Non-economic Fairtrade Benefits

I previously identified five non-economic Fairtrade benefits: from individual empowerment, everyday improvements in living conditions and educational benefits for

Fairtrade producers' children, to organisational advancements, and the political and cultural strengthening of communities.

Apart from psychological benefits of enhanced self-esteem, on the individual level, Murray and his colleagues have pointed out in their comprehensive comparative analysis of Fairtrade coffee growers in Latin America, that these have a sense of greater control over the global value chains and that by getting to know their Northern partners, they develop a "renewed pride in coffee farming" (2003, p.8). In Mexico, Fairtrade producer Isaías Martínez has stated "[t]he most important contribution of the Fairtrade Labelling system is in my eyes that our 'dignity as a human being' is recovered" (in Schmelzer 2006, p.30). This goes in line with the conclusions of Chadi, a Fair Trade researcher and a former Communications Manager at the *Símbolo de Pequeños Productores* - FUNDEPPO, who claims that the biggest contribution of Fairtrade for the small-scale coffee Fairtrade producers on the ground is the fact that now "[s]omeone believes in them" (2013, interview 10:22).

Fairtrade producers' physical surroundings are as important to their wellbeing as their state of mind. In the previous section, I already presented a comprehensive debate about the improvements in everyday living conditions that Mexican Fairtrade producers experience, unlike their non-Fairtrade neighbours. Here, I will just re-state the notable differences in housing between Fairtrade and non-Fairtrade producers: cement floors instead of dirt floors and wooden beds, gas cooking stoves, TV sets and CD players, which are often nonexistent in non-Fairtrade producers' homes (Celis 2013, interview and Jaffee 2007).

The final individual/family benefit stems from the insistence of the Fairtrade system on Fairtrade producers children's education. According to Jaffee's research in Oaxaca, for example, Fairtrade producer families have three times more children enrolled in postsecondary schools than the families who are outside of the Fairtrade system, which is in line with Murray and his colleagues (2003) and Lyon's (2006) findings on this issue.

All of the above-mentioned individual empowerments are augmented by the fact that a Fairtrade producer is, at the same time, a member of a Fairtrade cooperative (Nicholls and Opal 2005). Renard, one of the most influential and most experienced Fair Trade researchers in the world (2013, interview and 2010), has claimed that democratisation inside Fairtrade cooperatives is one of the really noticeable Fairtrade benefits. Another of my interviewees, Perez Akaki identified benefits from organisation as one of the main things that Fairtrade producers are getting from Fairtrade (2013, interview).

Apart from the fact that it is the Fairtrade system's pre-requirement, organising small-scale producers into cooperatives has numerous advantages in and of itself. To begin with, they are, as in the case of the *Unión de Cooperativas Tosepan Titataniske*, learning centres offering Fairtrade, business, production and organisational know-how (Perez Akaki 2013, interview). Secondly, because the small-scale producers' strength lies in numbers, through cooperatives they behave like a big producer and appear as strong players on the market (Martinez Senties 2013, interview).

Furthermore, Fairtrade cooperatives are facilitators of exports, since most of the Fairtrade producers are aiming for foreign markets because "they are getting a better price abroad" (Pocovi Garzon 2013, interview 11:25). The main export markets for Mexican Fairtrade goods are the US and the EU (Perez Akaki 2013, interview). They are predominantly certified by Fairtrade International (Chadi 2013, interview) and not by other initiatives in the broader Fair Trade movement, or the newly founded Fair Trade USA.

Mexican Fairtrade cooperatives also offer their producers a chance to diversify production. As poor and marginalised small-scale producers, they have neither the opportunity, nor the resources, nor the risk taking potential to achieve this independently. By contrast, the ISMAM and UCIRI have gradually introduced cocoa and honey production alongside their main activity, i.e., growing coffee, and have further developed ecotourism

projects (Fridell 2007 and Utting-Chamorro 2005) or a roasting and packaging operation (Milford 2004), because they had a strong producer organisation. Another way in which many improved their production apart from production diversification is a switch to organic production. Michiza's impressive Fairtrade sales figures, which exceed 80 percent of their whole coffee production, are, to a large extent, due to the fact that their coffee is of top quality, but also organic (Jaffee 2007, p.95).

Pruijn van Engelen inverts the causal relationship among organisation and increased profit margins, thereby challenging the wide-ranging consensus among both the Fair Trade literature and my other interviewees. He notes that Fairtrade did not bring organisational advancements to Fairtrade producers. Rather, because they were excellently organised in the first place, Fairtrade was able to thrive. "Fairtrade is so successful because farmers were so well organised, farmers are often actually organising other parts of the Fairtrade system! ...Fairtrade was set in cooperatives which were, to begin with, well organised, hence, because of their internal processes of organisation and their will to do more and to grow and go higher up on the global value chains' ladder, they took an initiative and actively built [the] Fairtrade label" (2013, interview 41:25). With this position in mind, it is also important to point out that neither the Fair Trade literature, nor any of my interviewees, have pointed out that Fairtrade has had a negative impact on small-scale producers' organisations.

The final Fairtrade benefit is important at the community, regional and even national level. Milford (2004) found that due to their newly won power deriving from participation in the Fairtrade system and all its accompanying benefits, Mexican Fairtrade producers, for example, were able to lobby not only for political and policy changes which had a direct impact on their production, but also for positive improvements in the national non-Fairtrade coffee market as well. In Mexican coffee cooperatives, "the members became politicized through their participation in the assemblies" (Schmelzer 2006, p.23), which is, as already

stated, one of the most important Fairtrade benefits according to Perez Akaki (2013, interview). He argues that collaboration among producers facilitates collaboration with the government as well, thereby forming new social ties and networks and getting the most from the government, because they are now organised and have the knowledge how to deal with the government (Ibid.). In the end, Murray and his colleagues' research (2003) found that in the Fairtrade coffee communities they studied, Fairtrade also contributed to the latter's cultural revival, especially by supporting ancestral farming practices, preserving rural ways of life and bringing them closer to indigenous heritage.

In order to conclude this section, I will repeat again that my aim was to trace the Fairtrade benefits and their impacts on Mexican Fairtrade producers, which I will use as the lesson-drawing basis for the discussion in Chapter VII. This was undertaken to argue that the above-stated Fairtrade benefits can be identified as important, although in different degrees and in different ways, to Serbian poor and marginalised small-scale producers, recognising the need for, and the possible advancements that Fairtrade can bring to them once Fairtrade International's standards are changed and they are allowed to accede. This is, therefore, the second lesson out of four, which will be drawn from my illustrative case studies, and used as a foundation for debates in Serbian chapters VII and VIII.

5.4. Concluding Remarks

In Chapter V, I presented my first illustrative case study, focused on the Mexican Fairtrade system in general and on Mexican Fairtrade producers in particular. The more general debate was followed by a very specific discussion about two features which I identified as crucial lessons for my main case study on Serbia. Firstly, I put forward a detailed discussion about Mexican Fairtrade producers' general poverty levels, business

challenges, state of their local infrastructure, social services and programmes, as well as availability of national subsidies and developmental aid and issues connected with migrations and demography. In this way, I identified their main characteristics and everyday realities in order to set the scene for questioning the possibility for finding potential Fairtrade small-scale producers in Serbia, which will be further discussed in Chapter VII.

In addition, I discussed the benefits Mexican Fairtrade producers receive from Fairtrade, offering one of the most comprehensive summarisations ever presented in the Fair Trade literature, based on critical analysis of the literature and my field research. These advancements were presented in the form of a debate about twenty Fairtrade benefits, divided into three groups, covering monetary, non-monetary economic and non-economic aspects.

I started with the two most famous monetary advantages, the Fairtrade minimum price and the Fairtrade premium. I continued with thirteen different interconnected non-monetary economic advancements, including improved access to market information, export markets and pre-harvest/pre-production financing, contribution to better risk perceptions, increased credibility and long term commitments and production stability. In addition, I also put forward the enabling of technological improvements, the possibility to diversify production, with special focus on organic farming, cutting the middlemen and positive influence on conventional, non-Fairtrade markets. Finally, I identified five non-economic Fairtrade benefits - individual empowerment, improvements in living conditions, educational benefits for Fairtrade producers' children, organisational advancements and political and cultural strengthening of communities. I aim to use these conclusions as the basis for arguing that all Fairtrade benefits available to Mexican Fairtrade producers are also important for Serbian poor and marginalised small-scale producers, which will be further discussed in Chapter VII as well.

Therefore, the Mexican Chapter is the lesson-drawing base for answering the first attendant research question - "To what extent can Serbian poor and marginalised small-scale producers, currently excluded from the Fairtrade system partake in that system?", hence, the basis for answering a part of the underlying research question focused on prospective Fairtrade producers in Serbia. In this way, it is the empirical starting point which should be seen as a key lesson-drawing element of my innovative comparison, together with the next chapter on the UK. They will be the lesson-drawing base for my main case study on Serbia, which will be presented in chapters VII and VIII. Consequently, the empirical part of my doctoral thesis started with Chapter V, and will continue throughout the following three chapters.

CHAPTER VI - LESSONS FROM THE UK FAIRTRADE SYSTEM

Following the discussion about my first referent object, Fairtrade producers, and with them connected two lessons I identified as crucial for my main case study on Serbia, the second illustrative case study will be put forward in the following chapter. Therefore, by applying my theoretical and methodological frameworks, in Chapter VI, I will present the UK Fairtrade system. This analysis will focus on my second and third referent objects, the next two key links in Fairtrade global value chains, Fairtrade traders and consumers, highlighting two further lessons which can be learned from them: Fairtrade mainstreaming through supermarkets and Fairtrade campaigning.

As in the case of the previous chapter, in which I elaborated on Fairtrade diversity from the Fairtrade producers' perspective, the same is clearly evident from the Fairtrade traders and consumers' side, even from a brief comparison of Fairtrade systems, say, in Italy, Belgium and the United Kingdom. In Italy, the most dominant players are 100% FTOs like *CTM Altromercato* and radical Fairtrade consumers, however, their annual sales are very low, amounting to less than €50 (\$55.93, £36.34, RSD6,006.98) million (Doherty et al. 2013, p.169). Moreover, Belgium has a rather unique outside-Fairtrade supporter organisation, the Belgian Development Agency, which is financed by the Belgian government, according to Steven De Craen, fair and sustainable trade officer at the Trade for Development Centre of Belgium - BTC (2013, interview) and his colleague Samuel Poos (2013, interview). In addition, the Belgian Fairtrade system is also exceptional in a sense that it consists of two quite different Fairtrade structures, one in Flanders, and the other in Wallonia, according to Evi Coremans, communication and campaign officer at the BTC (2013, interview).

Finally, the UK is the global Fairtrade trade and consumption champion, as already stated in Chapter III. UK Fairtrade mainstreaming, especially through supermarkets, is in full

swing, with non-radical consumers buying Fairtrade products as a part of their everyday shopping, according to McGeachie (2013, interview). In addition, according to Bentley (2013, interview), it has some of the strongest Fairtrade campaigners in the world. These are the main reasons why I chose it as the lesson-drawing base for my main case study on Serbia.

The discussion about the UK Fairtrade system will start with a presentation of the system itself, focusing on my second and third referent objects and key links in Fairtrade global value chains, Fairtrade traders and consumers. Since this chapter, as well as the previous one is an illustrative case study, the following two sections will present two further lessons which will be the basis for my main case study on Serbia.

Firstly, I will focus on Fairtrade mainstreaming through supermarkets, which is one of the trademarks of the UK Fairtrade system and one of the main reasons of its Fairtrade successes. At the same time, a mainstream supermarket was the initial, and today is the dominant Serbian Fairtrade trading and consuming channel, therefore, the arguments presented in this chapter will be the foundation for further discussion in one of the "Serbian chapters" - Chapter VIII. Secondly, I will present UK Fairtrade campaigners, consisting of the most aware UK Fairtrade consumers, again in order to establish a lesson-drawing base for Serbia and its current radical Fairtrade consumers and proto-Fairtrade campaigners, which will be further discussed in Chapter VIII as well.

The findings from the fieldwork conducted in the UK will be enhanced by information gathered during the field research conducted in Belgium, which was also focused on Fairtrade traders and consumers and from which I acquired a number of general insights regarding these two topics. Together with the critical analysis of the Fair Trade literature concerning the UK Fairtrade system, this will lay the foundation for my conclusions presented in this chapter.

Therefore, the "UK Chapter" will form the lesson-drawing base for answering the second attendant research question - "What is the current situation and what are the potentials for further development of Serbian Fairtrade trade and consumption?" and consequently, a base for answering a part of my underlying research question focused on Fairtrade traders and consumers in Serbia. In this way, this chapter should be seen as another key element of my innovative comparison which, together with the previous chapter focused on Mexico, will be the lesson-drawing base for discussions regarding my main case study, Serbia, which will be presented in chapters VII and VIII.

6.1. Fairtrade System in the United Kingdom

The history of Fairtrade in the UK starts with the creation of the Fairtrade Foundation in 1992. According to Fairtrade supporters, its avant-garde and progressive character immediately came to the fore, given the fact that it was the first national Fairtrade organisation to introduce a label (back then, the Fair Trade Mark) in April 1993, without actually any product carrying it (Lamb 2008, p.58). Fairtrade consumers in the UK had to wait for a whole year for the first Fairtrade product, Green & Black's Maya Gold Chocolate, made with cocoa from Belize, to be labelled on March 7, 1994. The first Fairtrade tea by Clipper Teas and Fairtrade coffee by Cafédirect soon followed (Ibid. pp. 60-61).

Cafédirect itself is a very important Fairtrade trader, not only as a Fairtrade coffee pioneer, but also due to the fact that "[u]nlike other alternative trading organisations (ATOs), Cafédirect aimed to compete directly with mainstream coffee suppliers and was run as a "for-profit" company" (Alexander and Nicholls 2006, p.1242). This approach in itself is yet another argument for the "existing together with and in order to change the market" perspective that I promote. This is especially true when it is considered from the first aspect

of the framework, i.e. the necessity for any food business to grow in order to survive in the medium and long run, as discussed in Chapter II (see p.53). Inseparable from this novel approach to the sales of alternative and fairly traded products is the second early characteristic of the UK Fairtrade system, i.e. immediate interest and support from the mainstream retailers, chiefly from the Co-operative Food/Co-op (Bentley 2013, interview and Doherty 2008) and Sainsbury's (Low and Davenport 2006, p.320).

Furthermore, during the years following the introduction of the first Fairtrade products, no Fairtrade advancements would have been possible save for the proactive involvement of Fairtrade campaigners and their continuous capacity building, lobbying, campaigning and educational work (see more in Davies 2009, Hartlieb and Jones 2009, Doherty and Tranchell 2007 and others). Therefore, all UK Fairtrade achievements are largely due to the work of a group of committed individuals, many of which are a part of what Alexander and Nicholls call the initial strongly ethical segment (2006). They comprise around 5% of the population who are Fairtrade natural supporters, the radical Fairtrade consumers (Ibid., p.1243).

From the 2000s onward, the Fairtrade system in the UK experienced the strongest Fairtrade development, mainstreaming and campaigning. From a late starter, Fairtrade in the UK evolved into the second largest global Fairtrade market, surpassing the US in 2008 to become the global Fairtrade champion. During this phase, according to Alexander and Nicholls (Ibid.), Fairtrade consumers from two further groups joined the Fairtrade system. They originated, firstly, from the "conscientious consumer" segment... ..account[ing] for about 18 per cent" (Ibid.) and secondly, from the "I do what I can" group, comprising nearly 50% of population (Ibid., pp.1244-1245).

Regarding Fairtrade traders, in 2004, another big supermarket, Marks & Spencer entered into the Fairtrade system by switching to Fairtrade all coffee sold in their cafés, and

Tesco, which introduced a whole range of its own labelled Fairtrade products. Two years later, again Marks & Spencer switched all of its coffee and tea to Fairtrade, "leading to a jump of 18 per cent in national Fairtrade sales of coffee and 30 per cent in tea... without raising prices - taking a hit on their margins but picking up extra overall sales of 6 per cent since the switch" (Lamb 2008, pp.72-73).

Three additional events are crucial to the comprehension of the scale of Fairtrade mainstreaming through supermarkets during this period. These are Sainsbury and Waitrose's 2007 switch to exclusive sales of Fairtrade bananas, the 2008 Co-op's grand switch of all of their own-label hot beverages to Fairtrade, with Sainsbury's following suit with their own-label roast and ground coffee in 2009. All of these developments led to the situation that today supermarkets "'pull' Fair Trade products through the system whereas there was a requirement in the early days to 'push' products to obtain listings" (Moore et al. 2006, p.338).

Consequently, for an imaginary Fairtrader, who would travel through time from the year 1994 to the year 2014, the Fairtrade system in the UK would be unrecognisable. The twenty-year-old, mature UK Fairtrade system is currently worth more than €2 billion in sales, enjoying a steady 10-20% annual growth (Fairtrade International 2014a) and nearly 10,000 'mini marchers' including celebrities, who "went" to Parliament Square during Fairtrade Fortnight 2013 (McCann 2013). In absolute terms, both the real and the potential power and influence of Fairtrade in the UK is considerable, an impression further confirmed when the data is put in relative terms. According to the Fairtrade Foundation, for example, "one in every three bananas sold in the UK is Fairtrade... 44 per cent of bagged sugar sold in the UK is Fairtrade certified... [and] 25 per cent of all roast and ground retail coffee in the UK is Fairtrade certified" (Fairtrade Foundation 2014a).

Moreover, the contemporary UK Fairtrade system consists of "380 companies licensed to sell FT and 17 certified FT product categories available, which amounts to over

4,000 actual products" (Karjalainen and Moxham 2012, p.268). The second important part are Fairtrade consumers, and in the UK, more than 90% of those consumers who recognise the Fairtrade Mark have confidence in it, making it one of the most trustworthy ethical labels in the UK (GlobeScan Survey in Fairtrade International 2013a, p.12), further evidencing that care can be given a substance, as discussed in the section 2.3. on caring across spaces.

In addition, as a crucial part of the UK Fairtrade system, it is important to present the Fairtrade Foundation, the UK's NFO, which functions simultaneously as the Fairtrade authority in the UK (Doherty et al. 2013, p.163), as well as the UK Fairtrade campaigning hub. Finally, there are Fairtrade campaigners who, according to Doherty and his colleagues, have already achieved many of their promises, succeeding in educating Northern consumers about commodity trading and unfair trade practices (Ibid., p.178). When all of this is taken into account, it comes as no surprise that the UK is described as having "the most dynamic Fairtrade market in the world" (Hartlieb and Jones 2009, p.584), and why this came to be the case.

6.2. Lesson 3: Fairtrade Mainstreaming Through Supermarkets in the United Kingdom

Not only have past UK Fairtrade developments depended on the above-presented bases, as do contemporary ones, but future Fairtrade mainstreaming through supermarkets, supported by the Fairtrade campaigners, remains, in my opinion, the way forward for both the Fairtrade system in general and individual national Fairtrade systems in particular. Bentley supports this idea in stating that "Fairtrade development depends on continuing support of campaigners and supermarkets" (2013, interview 36:24). Consequently, these two topics will be further discussed in this and the following section. They will be the lesson-drawing foundation on which I will build my conclusions in Chapter VIII in regard to Serbian

Fairtrade mainstreaming through supermarkets, as well as pioneering Serbian consumers and proto-Fairtrade campaigners.

UK Fairtrade Traders

As already stated in Chapter III, Fairtrade products are sold to the Fairtrade certified traders upon production. Among the group of Fairtrade traders, however, there is a number of subgroups, with companies focused only on one segment of trade, or covering a number of them. In addition, there is the already-discussed (see p.152) difference between their commitment to Fairtrade, i.e. in the degree of their Fairtradeness. Again, given the fact that my focus is on big supermarkets selling Fairtrade products in the UK, the general discussion about Fairtrade traders in the UK will be brief.

Before I continue, I will state that the classification presented below is an amalgamation consisting of the categorisations already presented in the Fair Trade literature (see more in: Doherty et al. 2013, Davies 2009, Doherty and Tranchell 2007, Low and Davenport 2005a and 2005b and others), but also, including an original addition: degrees of Fairtradeness. Hence, I will mark Fairtrade traders with higher or lower Fairtradeness, depending on their Fairtrade commitment.

The 100% Fairtrade traders were, and to a certain extent still are the foundation of the UK Fairtrade system. They have the highest Fairtradeness, since their *raison d'être* is Fairtrade. They base their business practices solely on Fairtrade principles and their range is founded on Fairtrade products. In the UK, an exemplar is Cafédirect, a Fairtrade trader Smith and Barrientos identified as one of "the most prominent" (2005, p.196). This is a company that can be seen as market transformative (Low and Davenport 2006, p.324). Its partial ownership by Fairtrade producers (Smith and Barrientos 2005, p.196), as well as a peak 60%

reinvestment of its profits through its "Producer Partnership Programme" (Smith 2010, p.261), going beyond current Fairtrade standards and offering what many Fair Trade practitioners call "Fairtrade+" (Fairtrade supporter conference 2013, 2012 and 2011), render it even more so.

Therefore, under my classification, Cafédirect has the highest Fairtradeness. Although not flawless (see more critiques in Davies 2009, p.122), as the Fairtrade system is neither, together with other 100% Fairtrade traders, it remains a standard-bearer of the movement. Hence, the 100% Fairtrade traders' ethics are not the main source of concern, but the "need to identify further sources of growth, gain credibility with consumers through better quality monitoring and find the balance between business and advocacy in their operations" (Kasterine 2006, p.18), especially when confronted with other Fairtrade traders.

Following Davies' categorisation (2009, p.111), the next two subgroups of Fairtrade traders are "fair trade adopters" like Clipper Teas, and "fair trade branders" like Nestlé. Regarding the first subgroup, if concentrated only on the part related to Fairtrade products, these Fairtrade traders stand side by side with 100% Fairtrade companies. However, given the fact that they are seldom Fairtrade+, and since they often have a dominant non-Fairtrade palette of products, under my classification, they will have lower Fairtradeness than the 100% Fair Trade traders.

The situation becomes more complicated with the second subgroup, i.e. "fair trade branders" like Nestlé. Nestlé's initial motivation to start using the Fairtrade certification was quite radical, since in 2005 it was globally labelled as the "least responsible company" (Schmelzer 2006, p.33). Their sales of Fairtrade products gravitate around 1% (Ibid.) and Doherty and Tranchell have stated that their Partners Blend "makes up only 0.2 per cent of its coffee range" (2007, p.698). The vast majority of the other Fairtrade sales go to Nestlé's Fairtrade Kit Kat (Doherty et al. 2013, p.175).

Although Nestlé does not have a very high Fairtrade reputation (Renard 2013, interview), and, at the moment, together with other "fair trade branders" can be seen as having even lower Fairtradeness, it is important to say that like Cafédirect, for the above stated products, it has to meet all Fairtrade International's standards in order to be certified. As an argument for their further inclusion, Wouters, a stakeholder and policy manager at the Fairtrade Max Havelaar Belgium, stated the following. Unlike many who will just say that they do not want to work with big companies because of their previous and current bad reputation and business practices, the Fairtrade system tries to include them and change them from within (2013, interview), gradually raising their Fairtrade commitment. This is again in line with my position of Fairtrade existing together with and in order to change the market, now from the second and third aspect, Fairtrade mainstreaming and the relational nature of Fairtrade global value chains, theoretically discussed in Chapter II.

Supermarkets as Fairtrade Traders in the UK

Although crucial for the initial development of the Fairtrade system in the United Kingdom and very important for its future, the previously presented Fairtrade traders are less significant for the current Fairtrade system in Serbia, although they offer valuable lessons for its future development. Therefore, big UK supermarkets selling Fairtrade products, with Fairtrade global value chains 2, 3 and 5 in the base of their Fairtrade business practices, are of the utmost importance to my doctoral research, due to their lesson-drawing potential. They were already theoretically discussed above, through Gereffi's global value chain analytical framework applied by Doherty and his colleagues (Doherty et al. 2013, pp.170-171).

As in the case of the previous Fairtrade traders, according to Smith there is a "considerable variation in UK supermarket approaches in terms of scale and scope of

commitment to Fairtrade and in the nature of relationships with Fairtrade suppliers. In some cases, supermarket involvement has the potential both to expand and deepen the impact of Fairtrade, whereas in others it threatens to undermine the ability of Fairtrade to support long-term processes of development" (2010, p.257). Therefore, due to the different levels of their commitment to Fairtrade, i.e. the degree of their Fairtradeness, the variety of this third category of Fairtrade traders will be illustrated next.

I will present UK supermarkets selling Fairtrade products by referring to the exemplar business practices and to ones which should be avoided. I will base my conclusion below, firstly, on the work of a number of authors (Doherty et al. 2013, Smith 2010, Nicholls 2010, Low and Davenport 2006, Renard 2003, Beder 2000 and others). Secondly, it will be based on my numerous interviews (McGeachie 2013, interview, Bentley 2013, interview, Wouters 2013, interview, Veillard 2013, interview, Pauwels 2013, interview, Perez Akaki 2013, interview, Chadi 2013, interview, Quijano 2013, interview and Renard 2013, interview).

Before I continue, I will clearly define the concept of Fairtrade mainstreaming through supermarkets, which is at the centre of discussion. I will follow the definition offered by Hartlieb and Jones: "The unprecedented growth of labelling initiatives and the fact that they are to a large extent driven by retailers is the core of the so-called 'mainstreaming' phenomenon... Mainstreaming therefore describes the move of 'ethical' products, mainly 'organics' and fair trade, out of their alternative niche into mainstream distribution channels - or, in other words, from farm, whole foods and independent 'ethical' retailers onto the supermarket shelves" (2009, p.596).

Supermarket Practices to Look Up To

I have previously identified a number of positive impacts which Fairtrade mainstreaming through supermarkets has ushered in, and I will now discuss them in detail, presenting as well the standard-bearer among the UK supermarkets selling Fairtrade products, Co-op.

To begin with, this approach can boost Fairtrade annual growth and consumers' spending per capita, positively influencing overall Fairtrade sales. In line with my points are numerous Fairtrade practitioners and academics like Pauwels (2013, interview), Smith (2010), Doherty (2008), Teather (2006) and Krier (2005). "Much of the growth in Fairtrade over the last decade is a result of supermarket retailing of both independent Fairtrade brands and supermarket "own brand" goods. For example, a survey of Fairtrade sales in 25 European countries found that 56,700 of the 78,900 "points of sale" were supermarkets (FINE 2005), and just three retail chains accounted for approximately 43% of the UK's Fairtrade sales in 2006" (Smith 2010, p.257).

Secondly, according to Pauwels, supermarkets are not only a way of augmenting Fairtrade sales, but also of initiating (2013, interview). In addition, according to Wouters, mainstreaming leads to another positive impact on Fairtrade sales. "When a brand, for example, a brand that you really like, one day becomes Fairtrade you will continue buying it. You might not realise that it is Fairtrade, but you will continue buying it" (2013, interview 15:36, audio 1).

Fairtrade mainstreaming through supermarkets can also lead to the development of relational Fairtrade global value chains, and with this connected encouragement for cooperation between Fairtrade producers and traders, as well as with consumers, genuinely leading to "a trading partnership, based on dialogue, transparency and respect" (Fairtrade

International and WFTO 2011, p.1). The above-stated examples of interconnections between Fairtrade campaigners and supermarkets selling Fairtrade products are the first part of the explanation, although, according to McGeachie, the Fairtrade traders in general and especially people working with Fairtrade in these companies want to have ethical business case as well (2013, interview). An excellent example of a Fairtrade-prone employee is certainly Pauwels, sustainable private brand manager at the Delhaize Group, who responded to my question regarding seeing switches of entire product categories to Fairtrade with: "That is my dream!" (2013, interview 22:45).

Moreover, this approach can offer a clear confirmation that Fairtrade is a serious option for all mainstream food businesses by showing that it is a concept widely accepted by consumers. Also, it is an excellent way to introduce Fairtrade to new consumers, and to further educate them. "[S]upermarkets have a very important role in educating [consumers]... and making them understand what is Fairtrade" (Ibid. 15:30).

In addition, with mainstreaming, Fairtrade can exit from more than one niche and enter other sectors' mainstreams, most importantly, the media. The best example of how important this is for the development of Fairtrade in any national setting is the negative example of failed general mainstreaming in Mexico, which led to poor Fairtrade sales. According to Perez Akaki, *Comercio Justo México* failed to win big supermarkets over, but it also failed to communicate with mainstream media and other conventional business groups (2013, interview).

Finally, Fairtrade mainstreaming through supermarkets can lead to the possibility of building even more recognisable and influential Fairtrade brands. This need not necessarily have to come at additional costs to Fairtrade consumers, because, according to McGeachie, especially supermarkets can withstand hits to their gross margins (2013, interview).

| Positive aspects of Fairtrade mainstreaming | |
|--|---|
| 1. | Boosting Fairtrade sales |
| 2. | Introducing Fairtrade to new consumers |
| 3. | Developing relational Fairtrade global value chains |
| 4. | Confirming that Fairtrade is a serious option |
| 5. | Stronger media presence |
| 6. | Building more recognisable and influential Fairtrade brands |

Table 19. Six positive aspects of Fairtrade mainstreaming.

Co-op

Following the detailed presentation of the general merits of Fairtrade mainstreaming through supermarkets, I will present an exemplar UK supermarket in terms of its Fairtradeness, Co-op. To begin with, in its 3,000 stores (Doherty 2008, p.205) it stocks a range of 151 Fairtrade products. To put this number in relative perspective, in comparable stores, Co-op stocks 50 Fairtrade products, unlike, for example, Tesco, which stocks 3 (Ibid., p.216). Furthermore, regarding the overall Fairtrade sales, Co-op ranks second £20.5 (\$31.55, €28.21, RSD3,388.56) million, compared to Sainsbury's £53 (\$81.56, €72.92, RSD8,760.66) million (Smith 2010, p.259). However, it is important to point out that these figures can be misleading due to the fact that in relative terms they represent, in the case of Sainsbury's, 0.3% of its total retail sales, while in the case of Co-op, they represent 0.7% of their total sales (Ibid.).

Smith also points out that another key indicator of a supermarket's devotion to Fairtrade is the number of its own entire brand product categories converted to Fairtrade. The reason for this is that "[i]f, for whatever reason, the source of that Fairtrade products dries up, or the quality is unsatisfactory, it is relatively easy for the supermarket to replace it with an alternative. In contrast, when a supermarket switches an entire product category to Fairtrade it has to make a far greater investment in ensuring there will be a reliable source of supply

year round" (Ibid., p.260). In this respect Co-op was the pioneer and it is a contemporary leader.

In addition, a number of Co-op's Fairtrade features strongly distinguish it from other UK supermarkets. Firstly, it is the trailblazer of Fairtrade mainstreaming through supermarkets, supporting the movement from the very start (Bentley 2013, interview), and actually, already in 1998 deciding to "embark upon a strategy to take fair trade out of the niche and into the mainstream" (Doherty 2008, p.206). In addition, it has a very Fairtrade supportive society with over four million members (Ibid., p.212).

Furthermore, Co-op was the standard-bearer of the process of teaming up with 100% Fairtrade traders, and their partnership with Divine Chocolate (formerly Day Chocolate) is still the norm for the whole Fairtrade system (see more in Davies 2009, p.118). Co-op accepted Divine Chocolate's additional, "Fairtrade+" development fee within the margin they paid the latter (Doherty 2008, p.214), and agreed not to replace Divine Chocolate's Fairtrade products with their own, thereby preventing the cannibalisation of their sales (Ibid.). Also, it has "flexible payment terms at critical stock flow periods, shared promotional costs, no requirement to pay listing fees and... invest[s]... in fair trade marketing communications... [which] is in contrast to the practices highlighted by authors who are critical of the way supermarkets treat suppliers" (Ibid.). Therefore, this partnership in particular shows that the above-stated positive Fairtrade practices are possible. However, they are currently ignored by most supermarkets in the UK and worldwide.

There are two final positive examples of the Co-operative's Fairtrade practices. Firstly, it has appointed "a dedicated person called the fair trade work stream leader" (Ibid., p.217). Secondly, it helps Fairtrade promotion by "including producing campaigning materials to enable Co-operative members to promote Fairtrade in their communities and paying for Fairtrade producers to travel to the UK on promotional tours" (Smith 2010, p.260),

hence both educating and re-connecting different parts of the Fairtrade system, as theoretically explained in the section 2.3. on caring across spaces.

Finally, although an exemplar Fairtrade trader, the Co-operative cannot, at present attain the highest Fairtradeness. Neither is Fairtrade the Co-operative's *raison d'être*, nor does the majority of its product palette comprise Fairtrade. Smith and Barrientos question the real dedication of Fairtrade traders like the Co-operative with lower market shares who are always "eager to differentiate themselves amongst more exacting consumers" (2005, p.196). Nonetheless, due to the all above-mentioned positive aspects, in my opinion, the Co-operative tends towards high Fairtradeness, especially if they keep their promise and in the nearest future convert everything that can be Fairtrade to Fairtrade (Bentley 2013, interview).

Anti-Fairtrade Supermarket Practices

Although large mainstream supermarkets can attain higher Fairtradeness, both Fairtrade practitioners and scholars (Bentley 2013, interview, Renard 2013, interview, Smith 2010, Blythman 2004, Lawrence 2004 and others) are equally right when warning about the possible downsides of Fairtrade mainstreaming.

Supermarkets' most problematic anti-Fairtrade exercise, the circumvention of Fairtrade rules and regulations, is a common practice worldwide, not excluding the UK. In general, this does not imply a blatant breach of the Fairtrade standards, but creative ways of sidestepping them. All supermarkets will follow the first monetary condition of the Fairtrade system and pay the Fairtrade price. However, in doing so, they will, firstly, try to achieve only the minimum Fairtrade price, arguing that it is already a sustainable price (a problem widely identified at the Fairtrade Supporter Conference 2013 and by Chadi 2013, interview).

Furthermore, for the vast majority of Fairtrade products, supermarkets are not Fairtrade licensed to begin with, while their suppliers are (Doherty 2008, p.210). On the one side, this hands their suppliers a certain amount of bargaining power, however, at the same time, it gives supermarkets far more freedom and manoeuvring space when negotiating with their suppliers, be they Fairtrade traders or producers (Smith 2010, p.261).

The fact that long-term trade relations, which constitute the essence of Fairtrade, are not compulsory for big supermarkets to maintain in a majority of their product categories, is further indicative of this ambiguity. Regrettably for the Fairtrade system, which actually allows this practice, Reed has unearthed a number of contracts lasting for one mere growing season (2009). This is connected with Smith's observation that any type of long-term commitment is out of the question for a number of big supermarkets (2010). This is especially problematic in the view of Fairtrade campaigners, and as Bentley puts in her interview, it is "very unsettling" (2013 06:26, audio 2).

The second major issue with Fairtrade mainstreaming through supermarkets is the question of final pricing. Even though it is true that the supermarkets have to respect the Fairtrade minimum price, the Fairtrade rules and regulations are not preventing them from raising their margins, and consequently, the final price as well, affording them room to exploit their Fairtrade consumers. Fairtrade practitioners differ with scholars on this point, with some of the former claiming that the supermarkets are taking hit on their margins (McGeachie 2013, interview and Lamb 2008), with latter pointing out that on every \$2.74 cost on six banana pack, for example, Sainsbury's is earning \$2 (Schmelzer 2006, p.24). This disparity may or may not exemplify a difference between earlier and current practices of the supermarkets selling Fairtrade products, hence, both sides may be right simultaneously. However, it represents a potential regression and is therefore subsequently mentioned here.

Thirdly, supermarkets' own-label Fairtrade products have the potential to cannibalise and undercut the sales of other Fairtrade traders' brand, an issue most clearly identified by Traidcraft's speakers at their Spring Roadshow and Campaigns Workshop (2012). My interviewees showed the same concerns, when saying that this practice can lead to the situation where supermarkets are closing 100% FTOs (Bentley 2013, interview) and pushing them out of business (Veillard 2013, interview).

The next issue that the Fairtrade supporters are identifying as problematic is "silent" de-listing. "De-listings occur when a supermarket decides that a product is no longer worth the shelf-space it occupies and would be better employed stocking another product. These are a regular feature of supermarket activity" (Moore et al. 2006, p.350). Hence, there is always the possibility for a supermarket to de-list a Fairtrade product due to the inefficiency of a particular Fairtrade global value chain (Schmelzer 2006).

From a Fairtrade campaigners' point of view, de-listing is especially problematic when carried out without advance notice or with no notification at all, hence, "silently". For example, Asda de-listed Cafédirect and replaced it with Rainforest Alliance own-labelled coffee (Doherty et al. 2013, pp.175-176), and Marks & Spencer recently switched from Fairtrade cotton, which was part of their Plan A (to which there is no alternative, according to company statement). However, as Bentley has stated, it seems that now they have a Plan B, C and D which are far less Fairtrade (2013, interview). Silent switches and de-listing pose a severe challenge to Fairtrade in that they impede understanding as to what has been de-listed, as well as finding an effective remedy when the actual degradation has been fully identified (Ibid.). Such moves further induce the risk of causing a ripple effect, as supermarkets monitor each others' activity closely (Ibid.).

The penultimate problem directly connected to Fairtrade mainstreaming through supermarkets is the ability of supermarkets to capture all reputational gains by selling, for

example, Agrofair fruits as their own Fairtrade brands (Poos 2013, interview and Smith 2010, p.258). Even though the majority of supermarket-labelled Fairtrade products are not their own, they market themselves as "Fairtrade" in this way. Therefore, not changing their business strategies, they are nevertheless identified as progressive (Renard 2003). In itself, though very problematic for any Fairtrade supporter, this issue can lead to a far bigger problem, again identified by Bentley, as supermarkets with a Fairtrade image can subsequently de-list some Fairtrade products (2013, interview).

Finally, Fairtrade mainstreaming through supermarkets may lead to increase in false confidence that Fairtrade is everywhere and with it connected fall in interest for Fairtrade campaigning.

| Negative aspects of Fairtrade mainstreaming |
|---|
| 1. Circumvention of Fairtrade rules and regulations |
| 2. Final overpricing |
| 3. Cannibalisation of sales of 100% Fairtrade companies |
| 4. Silent de-listing |
| 5. Capturing of reputational gains |
| 6. Increase in false confidence |

Table 20. Six common risks of Fairtrade mainstreaming.

To conclude, Fairtrade mainstreaming through supermarkets in the United Kingdom was the third lesson out of four which will be drawn from my illustrative case studies. As the previous two and the next one, it will be used as a foundation for debates in Serbian chapters VII and VIII.

6.3. Lesson 4: Fairtrade Campaigning in the United Kingdom

Following the presentation of the UK Fairtrade traders in general, and the big UK supermarkets selling Fairtrade products and the process of Fairtrade mainstreaming through

them in particular (both in terms of opportunities and risks), the third section will present the UK Fairtrade consumers, with the special focus on the ones with the highest Fairtradeness, i.e. the ones who are at the same time Fairtrade campaigners as well. As already explained, these two topics will be discussed together due to the fact that Fairtrade campaigners are, at the same time, Fairtrade consumers while conversely, in the UK, as well as in many other Fairtrade markets, the first Fairtrade consumers were simultaneously the first Fairtrade campaigners (Alexander and Nicholls 2006). This trend endures and the first Fairtrade consumers and campaigners in Serbia are often depicted in the same person (Djuraskovic 2013, interview and Jovanic 2013, interview). This section will therefore offer the final lesson-drawing base for my main case study, Serbia.

UK Fairtrade Consumers

In sections on caring across spaces and Fairtrade relational global value chains, I have already demonstrated that the Fairtrade system's unique feature is the fact that the power over its global value chains is also in the hands of Fairtrade consumers and campaigners (Karjalainen and Moxham 2012). This has led some of the scholars to go as far as claiming that the Fairtrade system is not a "consumer-led", but a "consumer-dependent" movement (Lyon 2006, p.456 and Goodman 2004, p.901). This could be seen both as potentially progressive or regressive. In either case, it underscores the importance of the final referent object of my doctoral thesis and the final link in Fairtrade global value chains.

According to my findings (Pauwels 2013, interview, Veillard 2013, interview, Wouters 2013, interview, Perez Akaki 2013, interview, for example), an average global Fairtrade consumer resembles an average UK Fairtrade consumer in many respects

(McGeachie 2013, interview, Bentley 2013, interview, Fairtrade Supporter Conferences 2013, 2012, 2011, Bondy and Talwar 2011 and Watson 2007 and 2006).

My interviewees indicate that both are motivated by ethical factors, especially compassionate sensations regarding the poor and the marginalised, asking themselves about the future of the world. In addition, s/he cares for others, across both geographical, but also social and economic spaces, and sees differences as less important when compared with similarities, as theoretically explored in Chapter II (see pp.81-85, sections "How Far Should We Care for Others" and "Human Sameness and Difference"). On average, s/he is either middle-aged with children, or an older person, exhibiting a wide range of educational attainment, with a tendency towards medium and higher income categories (Ibid.). However, although my empirical findings are analytically useful and presently, one of the most updated, an average Fairtrade consumer as an analytical unit masks a more complex reality, one that prevails particularly in the UK.

In line with my point are Bondy and Talwar (2011), Alexander and Nicholls (2006), Moore and his colleagues (Moore et al. 2006), Schmelzer (2006) and Cowe and Williams (2000) identifying three different groups of Fairtrade consumers. Firstly, the "radical" Fairtraders, secondly, the "conscientious consumer", who are more "self-actualising" and "lifestyle-oriented" and thirdly, the partially involved - "do-what-I-cans". All three groups are analysed in the next section together with the fourth, which is my addition, and which consists of consumers who are currently not buying Fairtrade products. Technically, this is obviously not a group of Fairtrade consumers. However, their reasons for their lack of involvement and of conscious purchase of Fairtrade products are interesting for my main case study, thereby meriting discussion.

I will begin with the strongest supporters of Fairtrade, the radical Fairtraders (Alexander and Nicholls 2006), which are a part of the "global watchdogs" and "ethical

hardliners" (Cowe and Williams 2000, p.32). They represent up to 5% of the UK population (Alexander and Nicholls 2006, p.1243), they were the initial Fairtrade adopters and campaigners (Bentley 2013, interview) and their Fairtradeness is the highest.

According to Watson, they represent consumers who entered the market for Fairtrade product consciously and out of "altruistic desire to do the right thing by the distant stranger who made the product" (2006, p. 445), consciously caring about the ones who are far from them geographically, economically and socially, as theoretically explained in the section 2.3. on caring across spaces. Moreover, Doherty and his colleagues stated that they mainly buy Fairtrade products coming from the already discussed Fairtrade global value chain 1, hence, buying through solidarity channels (Doherty and Davies et al. 2013, p.176). However, what they do not mention is that this category regularly buy Fairtrade products in supermarkets as well, especially if they come through relational Fairtrade global value chains 2 and 3 (Bentley 2013, interview) that are in my research focus.

In addition, the majority of the members of this group are "recession proof", according to Bondy and Talwar's research (2011, p.376), given the fact that 92% of their interviewees identified as "active" Fairtrade consumers indicated that during the recession the "ethics has not decreased in importance. This implies that while price has likely increased in importance over other product variables, such as quality and value, when ethical criteria are present, such as when fair trade alternatives exist, ethical considerations maintain a dominant role" (Ibid.).

The second group of Fairtrade consumers in the UK are the ones which Watson identified as entrants with "some altruistic desire to do the right thing" (2006, p.445), ready to pay more, but very reluctant to sacrifice product quality for an ethical feature (Auger et al. 2003). These are conscientious Fairtrade consumer and they are a part of the group which "account for about 18 per cent of the population and clearly offered a significant opportunity

for market expansion" (Alexander and Nicholls 2006, p.1243), representing a more self-actualising group, with a stronger lifestyle approach (Ibid.).

In addition, many of these, more "occasional" Fairtrade consumers are, according to Bondy and Talwar, far less resistant to recession (2011, p.369), hence, prone to reduction of Fairtrade consumption in times of crises, precisely in times when their support is most needed. Empirical researchers point out that these consumers are also "buying themselves a good conscience" (Varul and Wilson-Kovacs 2008, p.10).

However, in order not to limit the growth of the Fairtrade system in the UK, these Fairtrade consumers have to be included as well. They were, and still are, important not only to Fairtrade mainstreamers like supermarkets but also, maybe surprisingly, and contrary to what the Fair Trade literature is saying, to the 100% Fairtrade companies as well. Veillard confirmed this clearly during our interview when he said that Oxfam's world shops have to evolve and to offer, apart from the strong ethics, high quality products and appealing marketing in order to attract other, non-radical Fairtrade buyers (2013, interview). In addition, they have to be further educated, because Fairtrade education is the precondition for giving care a substance through the Fairtrade system (as stated in the section "The Role of Education", see pp.85-86).

The final group of Fairtrade consumers in the UK identified by the literature, thus far, represents a part of 50% of the UK population (Alexander and Nicholls 2006, pp.1244-1245), which Cowe and Williams call the do-what-I-cans (2000), hence, the Fairtrade consumers coming from this group are truly "occasional" Fairtrade consumers (Bondy and Talwar 2011).

They are almost exclusively buying Fairtrade products in mainstream businesses, being either supermarkets or companies like Starbucks. Conversely, they almost never buy through the Fairtrade global value chain one, and seldom through the Fairtrade global value

chains two and three, while not excluding any of the other, undesirable Fairtrade global value chains (4-7) where propensity for co-optation, dilution or capture is the highest, as already theoretically discussed in Chapter II. This is the reason why both radical and conscientious Fairtraders "frown upon... [them] for having the wrong motives" (Bondy and Talwar 2011, p.369) and why Doherty and his colleagues call them passive Fairtrade consumers (Doherty et al. 2013, p.177).

That being said, it is important to remind ourselves again that even an average, mainstream consumer is far from being completely passive (Leslie and Reimer 1999), as already discussed in section focused on the key elements of the global food system (see pp.65-67). Also, Fairtrade mainstreaming, especially through supermarkets has led to the situation where now even a completely mainstream consumer can relate to Fairtrade (McGeachie 2013, interview). This has opened a substantial window of opportunity for the growth of future Fairtrade sales, especially when supported by increased awareness and Fairtrade education as already mentioned.

Following the presentation of all three groups of Fairtrade consumers, I will conclude with the introduction of the final group of UK consumers (hence, coming from around 27% of the population), which I will identify as potential Fairtrade consumers.

Through my critical analysis and fieldwork, I discovered numerous reasons why UK consumers avoid buying Fairtrade products. I will start with disbelievers, who simply do not trust the Fairtrade mark. Even one of the strongest Fairtrade academic supporters claims that "consumers might be excused for being sceptical" (Jaffee 2007, p.202). Therefore, the only way for these consumers to be included is for the Fairtrade campaigners to find new approaches to assure them and for the Fairtrade system to deliver what it promises while continuously evolving ethically (Fairtrade Supporter Conferences 2013, 2012 and 2011).

Moving on to the second subgroup, consisting of the local-supporters, who either find that buying ethically is buying British (Adams and Raisborough 2010, p.267), or that the air miles are simply ecologically unacceptable (Ibid., p.264). These consumers can be easily included with the introduction of UK Fairtrade production.

I continue with those consumers interested in healthy eating who find that some of the Fairtrade products, regardless of their ethical origin, are simply not particularly healthy to eat or drink, like chocolate or coffee (Fairtrade Supporter Conferences 2013, 2012 and 2011). Their involvement is not morally problematic, hence, if the Fairtrade system continues to introduce new products, especially in the healthy eating category, their resistance will soften.

Finally, I will finish with the self-centred, "what is in it for me" consumers. From an elite interview, Alexander and Nicholls found that "a more mainstream consumer who is primarily interested in what's in it for me; it's got to be the quality and the price" (Sylvie Barr in Alexander and Nicholls 2006, p.1243).

To maintain the radical Fairtraders' interest, to educate and raise awareness among more or less mainstream and active Fairtrade consumers and to find the new ways of inspiring the uninvolved are the future tasks of the Fairtrade system. The ones who will be at the forefront trying to achieve them will be the Fairtrade campaigners.

UK Fairtrade Campaigners

Given the fact that I have identified the process of Fairtrade mainstreaming through supermarkets as one of the ways forward, I informed my position by pointing out that it has to be under the watchful eye of Fairtrade campaigners, which is what happened in the UK, and what could happen in Serbia.

Therefore, the final discussion is focused on what Bentley identified as the crucial part of the Fairtrade system, the Fairtrade campaigners (2013, interview) and their continuous capacity building, lobbying, campaigning and educational work, "trying to explain to people what the Fairtrade is and what difference it makes for poor small-scale producers" (Coremans 2013, interview 12:35). Especially their educational work should be highlighted due to the fact that knowledge about the ways in which one does, and should, affect individuals and groups s/he has never met, is the base for being able to care across spaces and give care a substance as theoretically discussed in the section 2.3. on caring across spaces (see p.86).

The "primary goal of fair trade campaigners is to persuade consumers to use their purchases less as a means of signalling their own social status and more as a means of affirming the claims made on behalf of Third World producers for fair terms of exchange" (Watson 2007, pp. 270-271), in order for them to move from identifying product quality solely with its physical and economic characteristics (Ibid.).

As already stated, this topic is not only historically interesting, but also of current import. In the words of Susan Bentley, the first chair of the Fairtrade Foundation's National Campaigner Committee, and a person who can easily be called "the number one UK Fairtrade campaigner", the main problem and her biggest fear, is that "many UK Fairtrade campaigners might stop campaigning because they believe it is a done deal, which is far from true" (2013, interview 03:05). She offers an excellent example when she took a group of young scouts to a big supermarket and asked them to find Fairtrade products. Although very knowledgeable about the Fairtrade mark and curious, as all children are, they were unable to find but a few Fairtrade products, which led them to start questioning Fairtrade availability. In turn, this reassured her that the perception of Fairtrade success is sometimes bigger than the success itself and that the need for Fairtrade campaigning is far from gone (2013, interview).

This is particularly important when it is known that the development of Fairtrade campaigning in the UK led, firstly, to the UK's global leadership in Fairtrade trading, sales and consumer awareness. "The ability to form and maintain a multitude of successful relationships has been a key driving force behind the rapid growth of fair trade in the United Kingdom" (Davies 2009, p.113).

Secondly, Fairtrade campaigners are an important practical force behind the theoretical assumptions that Fairtrade global value chains can change and transform from one type to another, i.e. from captive to relational, for example. As Alexander and Nicholls have noted, the Fairtrade global value chains include Fairtrade producers, traders, consumers, of which many are campaigners, entirely disconfirming the notions of the global value chains as "solely retailer-generated, unidirectional and upstream" (2006, p.1239). Therefore, given the fact that there is a possibility of moving from one type of the global value chain to another, according to Gereffi's previously cited global food value chain analytical framework (Gereffi et al. 2005), which I use as well (see pp.67-72), the Fairtrade campaigners are able to influence the establishment of the Fairtrade global value chains two and three in mainstream supermarkets. They are doing that in order to ensure adhesion (Doherty et al. 2013, p.180).

Therefore, I see Fairtrade campaigners as an important factor in achieving this and my understanding is further supported, firstly, by the already reviewed literature stating that "[e]xperience suggests that if supermarkets succumb to civil society pressure to fulfil their commitments to ethical trade this would require a move to more relational governance" (Smith and Barrientos 2005, p.195). Secondly, it is confirmed by my interviewees, particularly by Bentley who notes that while Fairtrade campaigners in the UK have brought Fairtrade to where it is at the moment, supermarkets and campaigners have to find novel ways to coordinate and cooperate for Fairtrade to grow even further (2013, interview).

Fairtrade Campaigning Channels

In the next part of the section, I will present the most important Fairtrade campaigning channels (according to Bentley 2013, interview and Wouters 2013, interview, for example), i.e. the campaigners' synergy of the Fairtrade Foundation, its members and the National Campaigner Committee, the Fairtrade universities, colleges and schools, Fairtrade towns and finally, Fairtrade faith groups.

| Fairtrade campaigning channels |
|---|
| 1. The Fairtrade Foundation, its member organisations and the National Campaigner Committee |
| 2. Fairtrade universities, colleges and schools |
| 3. Fairtrade towns |
| 4. Fairtrade faith groups |

Table 21. Four main Fairtrade campaigning channels.

The most important Fairtrade campaigning channel, greatly responsible for the previous, current and future development of Fairtrade in the UK, is a synergy of the Fairtrade Foundation, its members and Fairtrade campaigners (Bentley 2013, interview), which was officially institutionalised for the first time in 2014 through the National Campaigner Committee (NCC), the UK Fairtrade campaigning hub. Before discussing the NCC in detail, I will firstly, briefly present the Fairtrade Foundation and its significance.

Doherty and his colleagues define Fairtrade authorities as "organisations that oversee fair trade and audit the competitors and/or producers, often awarding licences to carry marks of certification" (2013, p.163). Following their definition, as already explained, the United Kingdom's Fairtrade history begins with the establishment of the Fairtrade Foundation in 1992, by, initially, six British development organisations: CAFOD, Christian Aid, Oxfam, Traidcraft, the World Development Movement and the National Federation of Women's Institutes (Lamb 2008, p.60). Over the years, its membership has grown and it now includes:

Banana Link, Methodist Relief and Development Fund, National Campaigner Committee, Nicaragua Solidarity Campaign, People & Planet, Scottish Catholic International Aid Fund, Shared Interest Foundation, Soroptimist International, Tearfund and Commitment to Life / United Reformed Church, bringing their total number to fifteen (Fairtrade Foundation 2015b).

This growth in numbers was caused by an expansion of the Fairtrade Foundation's activities. Currently, there are four key areas of action. The Fairtrade Foundation: "provid[es] an independent certification of the trade chain for products... licensing use of the FAIRTRADE Mark on products as a consumer guarantee" (Ibid., p.1). It also, "help[s] in growing demand for Fairtrade products and empower[s] producers to sell to traders and retailers; [w]ork[s] with... partners to support producer organisations and their networks; [and] [r]ais[es] awareness of the need for Fairtrade in the public and the significant role of the FAIRTRADE Mark in making trade fair" (Ibid.). According to Hartlieb and Jones, the Fairtrade Foundation "highlights the significance of close links with other civil society organisations and their networks of volunteers. The mobilisation of these networks can help to overcome other limitations like financial resources, or also a lack of interest and motivation of consumers to change" (2009, p.597).

A window into the reverse situation, one in which Fairtrade campaigning failed, may serve to substantiate this claim. More specifically, Mexican Fairtraders have failed to mimic the UK Fairtrade system's successes. According to Perez Akaki, this was mainly because the Mexican national Fairtrade organisation, *Comercio Justo México* limited itself to only 10 - 15 people (2013, interview). They were unsuccessful in attracting volunteers and communicating with other interested parties coming from academia, consumers' organisations, media and mainstream business. Consequently, *Comercio Justo México* effectively disregarded Fairtrade campaigning and failed to initiate Fairtrade mainstreaming through supermarkets (Ibid.). This

was also one of the key reasons why, despite the institutional foundation, a national Fairtrade-like system has not fully emerged in Mexico to date. Therefore, without the Fairtrade campaigning not only is there no future development of the Fairtrade trade and especially sales in the UK, but also in other parts of the world, as the Mexican case clearly showed (Ibid.).

Regarding the NCC itself, it is responsible for: "Ensuring Fairtrade supporters can better feed into the work of the Fairtrade Foundation and hold it to account. Advising on the development and implementation of projects and activities directly involving grassroots supporters. Recommending improvements to existing support for campaigners in addition to new materials, resources and training opportunities. Advising on developments to existing Fairtrade schemes including renewal processes, goals and communications; advising on new campaign areas and activities. Offering experience and advice around Fairtrade campaigns and campaigners to other teams within the Fairtrade Foundation" (Fairtrade Foundation 2014b, p.1). Finally, it "helps to mould the direction of the Fairtrade Foundation, represents campaigners at a governance level and also feeds into the development of Fairtrade campaigns and resources" (Ibid.).

The NCC is the crown of the Fairtrade Foundation's two decades of successful cooperation and collaboration with its member organisations and UK Fairtrade campaigners, which is one of the main reasons for its pre-eminence among national Fairtrade organisations globally. Additionally, it sets a clear example of the possibilities of Fairtrade campaigning evolution, from modest beginnings back in 1992, to the most developed Fairtrade campaigning system in the world to date (Fairtrade Supporter Conferences 2013, 2012 and 2011).

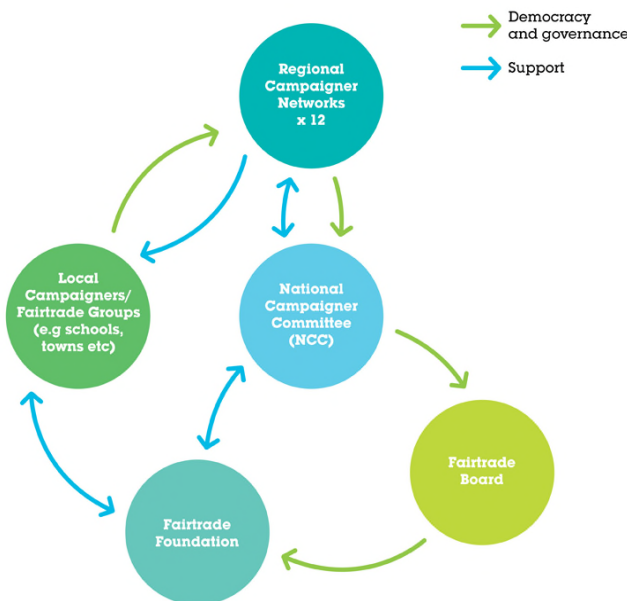


Chart 3. National Campaigner Committee (Fairtrade Foundation 2014b).

There are numerous practical manifestations of this cluster of Fairtrade campaigners' activities, and I will just recall the Fairtrade Fortnight celebrations that started in 1995, and which now feature as both the national and international annual Fairtrade celebrations (Poos 2013, interview and Coremans 2013, interview), alongside annual Fairtrade Supporter Conferences. Both represent Fairtrade campaigners' annual high water marks in terms of capacity building, lobbying, campaigning and educational activities (Fairtrade Supporter Conferences 2013, 2012 and 2011).

Finally, this group of Fairtrade campaigners is the most important for my main case study. As Fairtrade International's standards stipulate, if a country does not have an NFO or an FMO, as is the case in Serbia, then the promotion of Fairtrade is the responsibility of the Fairtrade campaigners from local pro-Fairtrade non-governmental organisations, informal grassroots groups, and movements (Fairtrade International and WFTO 2011, p.1).

The following three Fairtrade campaigning channels, although very important for the UK Fairtrade development, are of lesser importance for understanding the current Fairtrade

campaigning processes in Serbia due to the infancy of the Serbian Fairtrade market. Hence, they will be just briefly presented next.

A big group of Fairtrade campaigners are Fairtrade universities, colleges and schools. The Fairtrade Universities and Colleges scheme was launched in 2003, pioneered by Oxford Brookes University, followed by the University of Birmingham. Only when one of the Fairtrade Foundation's member organisation, People & Planet, however, got involved, did the initiative truly gain traction. The movement grew, and now, there are 170 Fairtrade Universities and Colleges in the UK. This number is dwarfed by the number of Fairtrade schools, currently 1,000 and counting, whose development and rise in numbers came as the direct result of Fairtrade campaigning (Davies 2009) and which is the base for the next generation of Fairtraders (Fairtrade Supporter Conferences 2013, 2012 and 2011).

The penultimate Fairtrade campaigning channel is under the Fairtrade towns banner, started as a grassroots initiative in 2000 (De Craen 2013, interview, Poos 2013, interview, Coremans 2013, interview and Bentley 2013, interview). A Fairtrade town is a "town, city, village, island, borough, county, zone, district or region... [that has made] a commitment to supporting Fairtrade and using licensed products with the FAIRTRADE Mark" (Fairtrade Foundation 2015c, p.1). Currently, there are over 600 of them in the UK (Ibid.), with many more aspiring candidates (Taplin 2009).

This initiative, in the words of its founder, Bruce Crowther was driven by the desire to merge the local and Fairtrade social connections, releasing more Fairtrade potential and achieving higher Fairtrade goals (in Alexander and Nicholls 2006, p.1245). It was the basis for the development of many other Fairtrade campaigning advancements, including Wales' inauguration as the first Fairtrade nation in 2008.

The final Fairtrade campaigners, which nearly all other Fair Trade academics use as their analytical point of departure, are the Fairtrade faith groups (see, for example Nicholls

and Opal 2005). Their history, in the form of the alternative and fairly trading supporters predates the emergence of the UK Fairtrade system, and lies at the heart of its development as well. Even today, faith groups like the ones in Luton (Fairtrade Supporter Conferences 2013, 2012 and 2011) and churches like Chichester Cathedral, which became the "world's first public building to display Fairtrade and Fairmined certified gold in 2011" (Diocese of Durham 2013, p.1), continue to be the strongest Fairtrade supporters in the UK.

Finally, I will reiterate Bentley's warning that Fairtrade campaigners, while crucial, are not omnipotent (2013, interview). This warning is important because, although they are the Fairtrade standard-bearers, they cannot develop the Fairtrade system on their own and need the help and involvement of all other Fairtrade actors.

As this whole section has presented the final referent object of my doctoral thesis, the Fairtrade consumers, focusing on the Fairtrade campaigners, this was the final, fourth lesson to be drawn from my illustrative case studies. Together with the previous three, it will be employed as an empirical foundation for the debates on Serbian circumstances in chapters VII and VIII.

6.4. Concluding Remarks

In Chapter VI, I put forward an empirical debate regarding the second and the third referent objects of my doctoral research, Fairtrade traders, accentuating supermarkets selling Fairtrade products, and Fairtrade consumers, focusing on Fairtrade campaigners. With the help of this part, I also dealt with some of the most important features of the initial, current and future phases of Fairtrade development in the UK, i.e. Fairtrade mainstreaming through supermarkets and Fairtrade campaigning.

Following the general discussion about the UK Fairtrade traders, I focused on Fairtrade mainstreaming through supermarkets and comprehensively debated its positive and negative sides. Regarding the former, I identified: boosting of Fairtrade sales, introducing Fairtrade to new consumers, developing relational Fairtrade global value chains, confirming Fairtrade as a serious option, enhancing media presence and building more recognisable and influential Fairtrade brands. Regarding the latter, I identified: circumvention of Fairtrade rules and regulations, final overpricing, cannibalisation of sales of 100% Fairtrade companies, silent de-listing, capturing of reputational gains and increase in false confidence. Finally, I also presented the exemplar UK supermarket in terms of its Fairtradeness, Co-op.

Concerning Fairtrade campaigning, I firstly presented the Fairtrade consumers, focusing on the ones with the highest Fairtradeness who are, at the same time, Fairtrade campaigners as well. I identified them as the crucial part of the Fairtrade system, due to their continuous capacity building, lobbying, campaigning and educational work and the fact that they are one of the most important practical forces behind the Fairtrade global value chains' changes and transformations from one type to another.

Hence, the UK Chapter constitutes the lesson-drawing base for answering the second attendant research question - "What is the current situation and what are the potentials for further development of Serbian Fairtrade trade and consumption?" and consequently, a base for answering a part of my underlying research question focused on Fairtrade traders and consumers in Serbia. In it, the third and the fourth lessons important for understanding the current and future Fairtrade developments in Serbia were identified. In this way, this chapter should be seen as another key element of my innovative comparison which will be, together with the previous chapter focused on Mexico, the lesson-drawing foundation for discussions regarding my main case study, Serbia. By concluding this chapter, I completed all the

preparatory work for the most important part of my doctoral thesis, the discussion which will be presented in "Serbian Chapters" VII and VIII.

CHAPTER VII - THE SERBIAN FAIRTRADE SYSTEM AND PROSPECTIVE FAIRTRADE PRODUCERS FROM SERBIA

By choosing two specific national Fairtrade systems to be my illustrative case studies and lesson-drawing bases, Mexico from the Fairtrade producers' and the UK from the Fairtrade traders and consumers' side, I found four important features of the initial, current and future phases of their development significant for my main case study. In the case of Mexico, I identified the main characteristics of Fairtrade producers, as well as the benefits Fairtrade affords them. Regarding the other two referent objects, i.e. traders and consumers of Fairtrade products analysed in Chapter VI, I evaluated Fairtrade mainstreaming through supermarkets and Fairtrade campaigning. These four topics will be in the centre of attention of the following two chapters as well, now through Serbian Fairtrade lenses, in order to show the current moment and potentials for future Fairtrade developments in Serbia.

Chapter VII itself is divided into two main parts. I will begin with the discussion about the history and the contemporary structure of the Serbian Fairtrade system. Secondly, applying my theoretical framework presented in chapters II and III, I will analyse the first Fairtrade referent object, the first link in a Fairtrade global value chain - prospective Serbian Fairtrade producers. They will be observed through the prism of the first two lessons drawn from the first Mexican illustrative case study. Therefore, in Chapter VII, by using the lessons drawn from Chapter V as points of departure, combined with the original extensive primary data collected during my field research in Serbia, I will discuss the history, current development and future potentials and challenges of Fairtrade in Serbia in general, and with regard to prospective Serbian Fairtrade producers in particular.

In this way, I will fully answer my first attendant research question - "To what extent can Serbian poor and marginalised small-scale producers, currently excluded from the Fairtrade system partake in that system?" and therefore, the first part of my underlying research question focused on the extent to which Serbian poor and marginalised small-scale producers can partake in the Fairtrade system in future.

Following the same theoretical matrix, the debate will continue in Chapter VIII, focusing on the second and the third key links in Fairtrade global value chains, i.e. Fairtrade traders and consumers, now from the Serbian perspective. They will be considered through the prism of the following two lessons drawn from the second illustrative case study on the UK. As a result, I will fully answer the second attendant research question - "What is the current situation and what are the potentials for further development of Serbian Fairtrade trade and consumption?", and therefore, the second part of my underlying research question connected with the extent to which Serbian Fairtrade traders and consumers are, and will be able to partake in the Fairtrade system in future.

In addition, I will conclude Chapter VIII by discussing possibilities for developing Serbian national Fairtrade-like system. This debate will give the full answer to my third attendant research question - "To what extent it is possible to establish a national Fairtrade-like system in Serbia and in that case, is the whole greater than the sum of its parts?" and consequently, the final part of my underlying research question, holistically looking on the potentials for Serbian Fairtrade production, trade and consumption.

By giving the final answers to my three attendant research questions and consequently, to my underlying research question - "To what extent can Serbia, as one of the producer-excluded upper-middle-income economies, partake in the Fairtrade system in the future, as a country where Fairtrade products are produced, traded and consumed?",

in the following two chapters, I will make all four contributions to knowledge as intended above.

Firstly, following the theoretical examination of my new topic presented in chapters II and III, in the following two chapters, I will put forward empirical findings contributing to the Fair Trade literature. Secondly, by putting forward new primary data in the following two chapters, I will present the first full empirical research on Serbian prospective Fairtrade producers and current and future Fairtrade traders and consumers. In addition, following the debate which started in Chapter IV on methodology and continued in illustrative case studies' chapters V and VI, in the next two chapters, I will put forward the final part of my innovative comparison focused on my main case study - Serbia. Finally, in these two chapters, the disconfirmatory empirics based on my original field research in Serbia will be presented, stating arguments why the current exclusion is indefensible in practice as well, leading to my fourth contribution to the literature.

7.1. The Fairtrade System in Serbia

The Serbian food system represents one of the country's most important sectors (Bogdanov 2007 and Bogdanov et al. 2000 and 2012). This comes as no surprise, as 85 percent of the Serbian territory is defined as rural (Bozic et al. 2011, p.244) and a quarter of Serbian households being involved in agriculture (Statistical Office of the Republic of Serbia 2013b). Finally, it is one of the strongest export sectors, representing around 20 percent of Serbian exports and earning the country over a billion dollars worth of foreign trade surplus every year (Ibid.).

At the same time, during the last five years, both Serbia in general and its food system in particular have experienced numerous challenges and difficulties, which is,

historically, not a novel situation as explained in the Introduction (see pp.9-17) and Chapter III (see pp.117-122 in particular). That being said, it is also important to recognise that the global food and economic crises hit hard both the developed and developing countries, and one of the economies particularly affected by them was Serbia and its food sector. Despite implying all three key players in its national food value chains, i.e. on Serbian food producers, traders and consumers, the crises affected them in different ways, and, within each group, to various degrees. One of the means which could aid Serbian food system's advancements can be the Fairtrade system, which can also benefit from the fact that Serbia can become an even stronger part of the Fairtrade market.

As already stated in the section explaining my timeframe (see pp.133-134), when I started my doctoral research in October 2011, Serbia was completely outside the Fairtrade system. Its poor and marginalised small-scale producers in primary production were, and still are unable to join the system. Neither were any Fairtrade traders and consequently, there were no Fairtrade products for Serbian consumers to buy.

These were the assumptions initially guiding my doctoral research, however, a major change occurred at the beginning of 2012, significantly influencing my research, bringing the already-discussed opportunities and challenges. Back then, Delhaize Serbia, the biggest Serbian supermarket chain and a part of the Belgian Delhaize Group, introduced the first Fairtrade products (Kosanovic 2013, interview). In the next couple of months, sequentially, five products were introduced: two types of cereals, chocolate cream, chocolate biscuits and green tea with lemon, all imported from Belgium as Fairtrade products, with Fairtrade ingredients which were not produced in Serbia (Ibid.).

In the next two years the following new Fairtrade products were introduced on the Serbian market. Firstly, by the end of 2012, two types of Marks & Spencer's t-shirts made from Fairtrade cotton were sold at the biggest shopping mall in Serbia, "Usce". In 2013,

six Oriflame's cosmetic products made from Fairtrade ingredients became available through catalogue shopping. At the beginning of 2014, Fairtrade Kit Kat chocolate bars were introduced by Delhaize Serbia, together with rooibos and Earl Grey Fairtrade teas, and by mid-2014, a new Oriflame Fairtrade beauty product found its way into stores. These developments clearly show that the Fairtrade movement in Serbia is growing, with traders creating demand for Fairtrade products and consumers supporting it with their purchases.

At the same time, the introduction of trade and consumption of Fairtrade products in Serbia immediately raised two questions with Fairtrade supporters, according to Mitar Djuraskovic, Serbian national anti-trafficking coordinator and one of the initiators of Fairtrade campaigning in Serbia (2013, interview). Tatjana Jovanic, Professor of Law at the University of Belgrade and another Serbian Fairtrade pioneer, holds similar views (2013, interview). Firstly, it begged the question why Serbian poor and marginalised small-scale producers cannot enter the system as primary producers. Secondly, it further brought to light that Serbian food traders are not producing Fairtrade products as secondary producers (for example, chocolates from Fairtrade ingredients).

Since Fairtrade trade and consumption continues to develop as in other upper-middle-income economies, this development raises the question why Serbian poor and marginalised small-scale producers cannot access the Fairtrade market, since others can. The list of what Serbian small-scale producers could produce as Fairtrade is very long and I will just cursorily mention fresh fruits, vegetables, different types of nuts, honey, wine, herbs, herbal teas and flowers, although, the primary focus of my research will be on fruits and vegetables. The first question will be further discussed in the next part of this chapter focused on Serbian Fairtrade producers, while the second will be reviewed in the following chapter on Serbian Fairtrade traders and consumers.

7.2. Prospective Fairtrade Producers from Serbia

The focus of my research is on South Serbia and the two underdeveloped districts of Jablanica and Pcinja. According to the Centre for Development of Jablanica and Pcinja Districts (CDJPD), these two districts cover 6,289 km², i.e. around 7 percent of the territory of the Republic of Serbia. In them, 468,613 inhabitants live in 699 settlements (CDJPD 2013, p.32).



Map 2. Map of Serbia with Jablanica District (red) (Wikipedia 2014a).



Map 3. Map of Serbia with Pcinja District (red) (Wikipedia 2014b).

They are administratively divided into two cities and eleven municipalities. Two cities constitute district centres: Leskovac in Jablanica District and Vranje in Pcinja District. In addition, Jablanica District has five municipalities: Bojnik, Crna Trava, Lebane, Medvedja and Vlasotince. Finally, Pcinja District has six: Bosilegrad, Bujanovac, Presevo, Surdulica, Trgoviste and Vladicin Han.



Map 4. Map of Jablanica (dark) and Pcinja (light blue) districts' municipalities (PBILD 2015).

| Jablanica and Pcinja districts | | |
|---------------------------------------|------------|-------------------------|
| Region | Population | Size (km ²) |
| Jablanica District | | |
| - Leskovac (city) | 144,206 | 1,025 |
| - Bojnik (municipality) | 11,104 | 265 |
| - Crna Trava (municipality) | 1,663 | 312 |
| - Lebane (municipality) | 22,000 | 337 |
| - Medvedja (municipality) | 7,438 | 524 |
| - Vlasotince (municipality) | 20,871 | 308 |
| Pcinja District | | |
| - Vranje (city) | 83,524 | 860 |
| - Bosilegrad (municipality) | 8,129 | 571 |
| - Bujanovac (municipality) | 18,067 | 461 |
| - Presevo (municipality) | 3,080 | 264 |
| - Surdulica (municipality) | 20,319 | 628 |
| - Trgoviste (municipality) | 5,091 | 370 |
| - Vladicin Han (municipality) | 20,871 | 366 |

Table 22. Jablanica and Pcinja districts - cities and municipalities (CDJPD 2015)²⁸.

²⁸ The data for municipalities Bujanovac and Presevo have to be taken with reserve due to the census boycotts of the Albanian minority living in these two municipalities.

In terms of small-scale agricultural production, the situation in Jablanica and Pcinja districts is even more complex than on the national level. To begin with, unlike the 5.4 ha on the national level, the average size of utilised agricultural land in Jablanica and Pcinja districts is around 2 ha, divided on average, from 4 up into 14 separate lots in some municipalities like Bosilegrad in Pcinja District (Statistical Office of the Republic of Serbia 2013b, pp.14, 133). Moreover, the importance of agriculture for Jablanica and Pcinja is evident as it contributes 26 percent to the gross product in these two districts (CDJPD 2013, p.6). In spite of the above-stated, and many other difficulties which will be discussed below, Nenad Jovanovic, the director of the Office for Local Economic Development of the Municipality of Lebane in Jablanica District, holds that "agriculture is the only mainstay. It is a chance for survival..." (2013, interview 30:37).

In line with his position is the CDJPD's data stating that this region has a number of agricultural potentials, important both for its conventional and possible Fairtrade developments, which I will briefly put forward here and elaborate upon in the rest of the chapter. First and foremost, the CDJPD points out natural characteristics of the soil, climate and water resources and potentials for high quality and organic food production (2013). Moreover, the workforce is highly experienced (Ibid.). In addition, the potential of the soil lies in highly labour-intensive fruit and vegetable production, and in the development of certification systems such as, for example, organic or protected geographical status, since this area is famous for a number of its agricultural products in light of their quality (Ibid.). "The potentials... are there. I believe that small-scale producers would be able to live [decently] from their work if they organise themselves... Each village according to their circumstances" (Djordjevic 2013, interview 51:30, audio 4). Unsurprisingly, I will also add Fairtrade labelling to these opportunities.

Prospective Fairtrade Products from Jablanica and Pcinja Districts

Before going into a detailed discussion about prospective Serbian Fairtrade producers, I will present the potential products that they can offer. Coffee was the first Fairtrade product and remains the icon of Fairtrade (Perez Akaki 2013, interview). However, due to its climate, Serbia is unable to produce it, as well as many other "typical" Fairtrade products such as cocoa or bananas, for example. That being said, there is a number of other product categories for which Serbian agriculture is renowned. For them, there are already Fairtrade International's standards (SPO Fresh Fruits 2011g, SPO Vegetables 2011h, SPO Honey 2011i, SPO Spices, Herbs and Herbal Teas 2011j, SPO Nuts 2011k and HP Flowers 2011l, for example), some that could be applied with minor adjustments.

In order to explain Serbian Fairtrade capacities further, I will now present the products that can be produced as potentially Fairtrade by poor and marginalised small-scale producers from Jablanica and Pcinja districts. Given the fact that I am primarily interested in fresh fruits and vegetables, and that Jablanica and Pcinja districts are well-known for this (Nikolic 2013a, interview, Djordjevic 2013, interview, Vuckovic 2013, interview, Radosavljevic 2013, interview, CDJPD 2013 and others), I will predominantly focus on these two product categories. However, I will also briefly present the other product categories as well, which can be seen both as prospective additional and primary products.

Regarding fresh fruit production, I will start with four fruits for which the changes in Fairtrade standards would be minimal in order to incorporate prospective Serbian small-scale producers. These are cherries, apples, plums and pears, and corresponding standards already exist (Fairtrade International SPO Fresh Fruit Standard 2011g, p.4).

A number of my interviewees recognised cherries as the key fruit for Jablanica and Pcinja districts and for small-scale producers in particular (Stojanovic 2013c, interview,

Smiljkovic 2013, interview, Fotiric Aksic 2013, interview, Savic 2013, interview, Vuckovic 2013, interview, Radivojevic 2013, interview, Zegarac Milenkovic 2013, interview and Nikolic 2013a, interview). The "Oblacina Cherry" variety was particularly praised and singled out as the best (Fotiric Aksic 2013 interview, Smiljkovic 2013, interview and Nikolic 2013a, interview). What is also significant to state is that there is already organic cherry production and strong potentials for its future development according to Bozidar Vuckovic, the leading organic producer in South Serbia (2013, interview).

Similarly important for this area are apples (Colovic 2013, interview, Smiljkovic 2013, interview and Nikolic 2013a, interview), especially varieties like "Golden Delicious", "Yellow Delicious" and "Idared" (Smiljkovic 2013, interview). In addition, there are also autochthonous apple varieties, with great potentials (Zegarac Milenkovic 2013, interview). Fotiric Aksic goes as far as to say that autochthonous varieties are among Serbia's greatest treasures (2013, interview).

Plums are the national fruit of Serbia and therefore, their popularity in Jablanica and Pcinja districts comes as no surprise (Smiljkovic 2013, interview, Djordjevic 2013, interview, Zegarac Milenkovic 2013, interview and Nikolic 2013a, interview). Smiljkovic highlighted the "Cacak Fruitful" variety (2013, interview). As in the case of apples, due to the long history of its production, the autochthonous plum varieties of the highest quality are also widely available (Djordjevic 2013, interview). Finally, my interviewees from Pcinja district recognised pears as important fruit for the region as well (Zegarac Milenkovic 2013, interview and Nikolic 2013a, interview).

Following the presentation of the four Serbian fruits which could be easily introduced to the Fairtrade system, I will now put forward a few others produced by small-scale producers in Jablanica and Pcinja districts which would require more significant adaptation in Fairtrade certification. Potentials for production and popularity of some of these fruits are not

at the same level as in other parts of Serbia, however, they are increasingly grown in Jablanica and Pcinja districts.

Among them the most popular are blueberries, especially of the "American" variety (Vuckovic 2013, interview), strawberries (Radivojevic 2013, interview, Zegarac Milenkovic 2013, interview and Nikolic 2013a, interview), and raspberries (Vuckovic 2013, interview, Zegarac Milenkovic 2013, interview and Nikolic 2013a, interview). As with cherries, for all of these products, an organic production or future potentials for this are already in place (Vuckovic 2013, interview). These products are part of the future of Fairtrade, irrespective of the Serbian position in the system, due to their positive health impacts and the need for a healthier Fairtrade product palette identified by many consumers, as explained in Chapter VI when the future Fairtrade consumers were discussed (see p.213).

In the current Fairtrade system, the importance of vegetable production is secondary to that of fresh fruits. Jablanica and Pcinja districts, however, are actually even more famous for their vegetables than for their fruits, particularly for their peppers (Colovic 2013, interview, Stojanovic 2013c, interview and Murati 2013, interview) and tomatoes (Murati 2013, interview and Savic 2013, interview). By extension, the same rationale as for harder-to-include fruits applies to them as well.

On the other hand, one vegetable for which the Fairtrade certification changes would be minimal, since there is already a corresponding standard (Fairtrade International SPO Vegetables Standard 2011h) is potato, and a number of my interviewees recognised its production potentials in Jablanica and Pcinja districts as well (Murati 2013, interview, Stojanovic 2013b, interview and Djordjevic 2013, interview). What is particularly important is that poor and marginalised small-scale potato producers are truly among the most deprived in the whole area and come from the least developed municipalities like Medvedja in Jablanica district (Djordjevic 2013, interview) or Presevo in Pcinja district (Murati 2013,

interview). "Potatoes from these parts [(Medvedja)] are of high quality... incomparably higher than the ones around the City of Leskovac [(which is traditionally one of the Serbian strongest centres of vegetable production)]" (Djordjevic 2013, interview 19:57, audio 4).

Therefore, fresh fruits and vegetables already put Serbia strongly on the Fairtrade map, but as stated above, there is much more that Serbia can offer, and some of the following could be considered either as future primary or additional products. I will discuss them just briefly since my focus will stay on the above-stated two product categories for the rest of this chapter.

I will begin with honey, for which there is a corresponding Fairtrade standard (Fairtrade International SPO Honey Standard 2011i) and its production potentials in Jablanica and Peinja districts are recognised by a number of my interviewees (Miletic 2013, interview, Radosavljevic 2013, interview, Djordjevic 2013, interview, Kosanovic 2013, interview and Nikolic 2013a, interview).

Furthermore, spices and herbs, such as mint, camomile, thyme, St. John's wort, or milfoil for example, for all of which there is a corresponding Fairtrade standard (Fairtrade International SPO Spices, Herbs and Herbal Teas 2011j) could be grown in South Serbia as well (Kosanovic 2013, interview, Santai 2013, interview, Savic 2013, interview, Vuckovic 2013, interview, Blagojevic 2013, interview and Smiljkovic 2013, interview). In addition, as I stated, Serbian herbal teas are famous even without the Fairtrade mark and as Kosanovic explained, in his opinion, it would be absurd to buy a Fairtrade camomile tea coming from abroad, almost certainly of lower quality, and at higher price (2013, interview).

Moreover, Serbia could join the production of roses and other flowers, as well as nuts production (Djuraskovic 2013, interview). Although there are corresponding Fairtrade standards, they would have to be significantly changed (Fairtrade International SPO Nuts Standard 2011k and Fairtrade International HL Flower Standard 2011l).

In addition, growing wine grapes and accompanying wine production in Jablanica and Pcinja districts can be revitalised through Fairtrade as well, because there are clear potentials (Kosanovic 2013, interview, Colovic 2013, interview, Murati 2013, interview and Fotiric Aksic 2013, interview). However, corresponding Fairtrade standards would have to be changed as well to accommodate Serbian production (Fairtrade International SPO Fresh Fruits Standard 2011g, for example).

Finally, there are forest gathering activities of wild strawberries, wild blueberries, wild blackberries, hawthorn, drains, rosehips, black currant and mushrooms (Santai 2013, interview, Fotiric Aksic 2013, interview, Blagojevic 2013, interview and Smiljkovic 2013, interview). This activity is very developed in South Serbia, especially among the poorest and the most marginalised small-scale producers. Therefore, this is again an area, currently almost completely undeveloped by the Fairtrade system, where Serbia could emerge as a future Fairtrade leader, having in mind the popularity, health characteristics and quality of these products, their very high market price and potentials for being completely organic.

| Serbian Fairtrade production potentials | | | | |
|--|----------------------|--|---------------------|--|
| Region | Fairtrade standards | Fruits | Vegetables | Other products |
| Jablanica and Pcinja Districts | Smaller adjustments | Cherries Apples Plums Pears | Potatoes | Honey Herbs Herbal teas Spices |
| | Considerable changes | Blueberries Strawberries Raspberries | Peppers Tomatoes | Wine grapes and wines Nuts Flowers Forest gathering |

Table 23. Serbian Fairtrade production potentials.

In this part, I shown that there are numerous fruits and vegetables which could, with minor or more significant changes be included in the Fairtrade system, as well as a number of other products which can be certified Fairtrade as well. Kosanovic sums up this best in stating that "[i]n our palette we have all of these products [(stated above)] as a private brand. We

even have a line [of products] which is called "From our country" which contains most of these articles... they were envisaged as [coming from] local [producers], and through them [(the articles)] we strengthen local producers... so if they could satisfy Fairtrade standards... they could easily be [Fairtrade]" (2013, interview 42:01).

7.3. Main Characteristics of Prospective Serbian Fairtrade Producers

In Chapter V, I presented the main characteristics of Mexican Fairtrade producers and their everyday realities, which I identified as the first important lesson-drawing base (see the corresponding section on pp.168-181). These conclusions are the foundation for the position that I will put forward next, showing that a Mexican Fairtrade producer is not lagging terribly behind a poor and marginalised small-scale producer from Serbia. In other aspects, however, the former enjoy a clear advantage, as a direct result of the membership in the Fairtrade system. In order to strengthen my arguments, in this section, I will present the Serbian poor and marginalised small-scale producers and their everyday realities.

General Poverty Levels

Starting with their income levels, I asked a number of my interviewees if poor and marginalised small-scale producers can live only from their agricultural production. The answers ranged from a direct "(almost) impossible" in municipalities like Crna Trava, Trgoviste and Presevo, to "very hard" in Lebane and Medvedja, and "to a certain extent" in the best areas around the City of Leskovac.

For example, Smiljkovic, agricultural adviser at the Municipality of Trgoviste stated that if producers were to live only from agricultural production, "they would not be able to do

so" (2013, interview 05:14). She further explains that all such small-scale producers economically sustain themselves by producing for self consumption, by generating small surpluses sold on local markets or through middlemen, full or part time work in what has remained of industry, or by drawing on agricultural pensions of one or more members of the household (2013, interview). Smiljkovic goes on to explain that in Trgoviste, a household with two to three members can often expect to earn from agriculture as little as 100 Euros (\$111.85, £72.68, RSD12,013.96) per calendar month, meaning that, when this income is divided between two or three members of the household²⁹, they are earning less than their Mexican counterparts and live significantly under \$4 dollars per day. This data directly questions the preconceived ideas of the Fairtrade system already theoretically discussed in Chapter III (see the section 3.4.).

Certainly, there are regions in Jablanica and Pcinja districts, like the villages on the outskirts of the City of Leskovac - Stajkovce, for example, which are very prosperous and which have evolved their output significantly, however, many others are in a difficult situation. In many cases, the only way for them to advance is to leave agricultural production altogether and move (Radosavljevic 2013, interview).

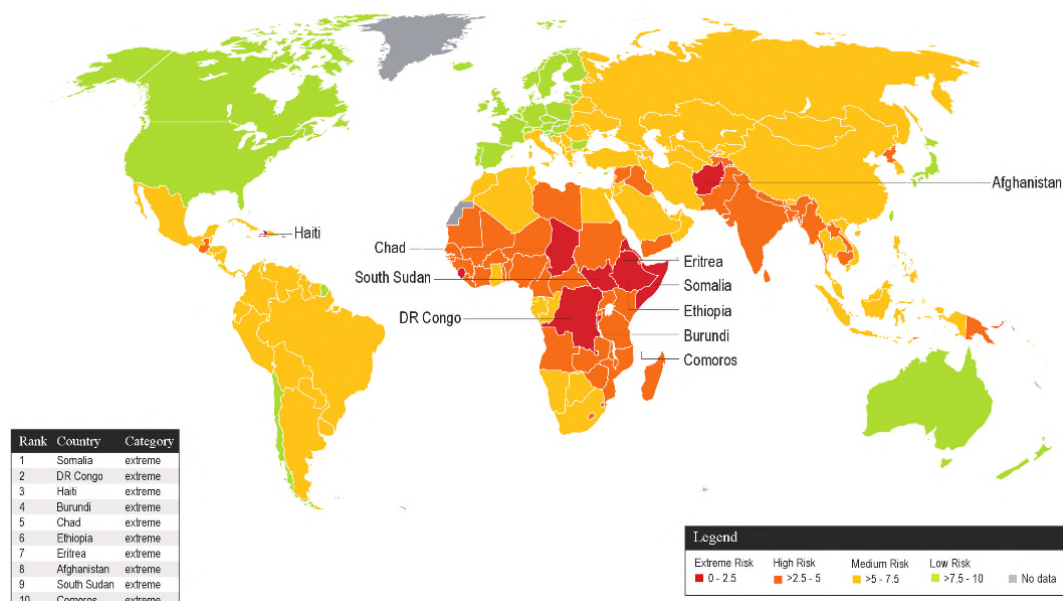
²⁹ On the national level, the average agricultural household has 3.3 members (Bozic et al. 2011, p.271), however, in Jablanica and Pcinja districts the average number is between 2 and 3 (Smiljkovic 2013, interview).



Photos 1-3. Examples of intensive food production in Jablanica and Pcinja districts (Brkovic 2013b).

I will conclude the discussion about the income side of poverty by reminding the reader that, beyond agriculture, the socioeconomic situation is equally pressing, as summarised by Senaje Agusi, the director of the Office for Local Economic Development of the Municipality of Presevo: "[t]he key problem is unemployment" (2013, interview 09:03). Moreover, according to the Statistical Office of the Republic of Serbia in the rest of the country, the situation is not better either, with a quarter of the Serbian population, i.e. around 1,800,000 people, living below or just above the poverty line (Politika 2015).

The second issue I identified in Chapter V (see pp.169-170) is the food security and the general diet of small-scale producers. In Mexico, the population are not starving, however, adequate nutrition is a problem. In Serbia, poor and marginalised small-scale producers' diet is likewise far from adequate, chronically lacking important vitamins and micronutrients, which causes severe impediments to their health (Djordjevic 2013 interview, Bozic et al. 2011, pp.254-256).



Map 5. Food Security Risk Map (Maplecroft 2013).

Following the theoretical explanation of what I considered to be a poor, marginalised and small-scale producer presented in Chapter II (see pp.61-62), I will now put forward data regarding poor and marginalised producers' small-scaleness. According to Djordjevic, in the districts of Jablanica and Pcinja "small producers are up to 1.5 - 2 hectares. Total land is divided into smaller plots which can be as little as 1 ares [(0.01 hectare)]. Over 2 hectares are medium, while everyone over 5 hectares is considered to be a big producer" (2013, interview 01:30, audio 4).

However, even these 2ha are far from real for many small-scale producers in this area. As Milos Radosavljevic, agricultural adviser at the Municipality of Vlasotince, states, they often register 0.5 ha (2013, interview) even in Vlasotince, the region's comparatively most developed municipality. For the ones which are in the worst situation, as in the Municipality of Trgoviste, the majority of small-scale producers have only one hectare at their disposal (Smiljkovic 2013, interview). They therefore equal their Fairtrade counterparts in Mexico as already discussed, and often hold much less land (see p.170).

The magnitude of the problem becomes clear when it is also known that even these, in the best scenario 2ha are rarely in a single plot, even in some of the most developed municipalities in the region, like Surdulica, according to Ankica Zegarac Milenkovic, the director of the Office for Local Economic Development of the Municipality of Surdulica (2013, interview). The reason for this particular problem are unresolved property issues, since plots may be owned by 5, 10 or even more people (Ibid.). The most drastic example I encountered during my field research was put forward by Smiljkovic who participated in the division of a small plot of land in 128 different parts (2013, interview). This is an issue of Serbian land legislation, but also an indicator of the poverty levels of the landowners and their inability to enclose their plots.

| Region | Average size of utilised agricultural land per agricultural holding in hectares | Average number of separate lots per agricultural holding |
|----------------------------|--|---|
| Serbia | 5.4 | 6 |
| Jablanica District (total) | 2.35 | 8 |
| - Leskovac | 1.98 | 8 |
| - Bojnik | 3.01 | 7 |
| - Crna Trava | 8.61 | 9 |
| - Lebane | 3.23 | 8 |
| - Medvedja | 3.79 | 7 |
| - Vlasotince | 1.60 | 8 |

Table 24. Average size of utilised agricultural land and average number of separate lots per agricultural holding in Jablanica District (Statistical Office of the Republic of Serbia 2013b, pp.52, 133).

| Region | Average size of utilised agricultural land per agricultural holding in hectares | Average number of separate lots per agricultural holding |
|-------------------------|--|---|
| Serbia | 5.4 | 6 |
| Pcinja District (total) | 2.37 | 7 |
| - Vranje | 2.42 | 8 |
| - Bosilegrad | 3.73 | 14 |
| - Bujanovac | 2.28 | 6 |
| - Presevo | 1.83 | 4 |
| - Surdulica | 2.31 | 7 |
| - Trgoviste | 3.94 | 8 |
| - Vladicin Han | 1.77 | 8 |

Table 25. Average size of utilised agricultural land and average number of separate lots per agricultural holding in Pcinja District (Statistical Office of the Republic of Serbia 2013b, pp.52, 133).

Finally, regarding the state of agricultural technology in Jablanica and Peinja districts, I will illustrate machinery and irrigation systems in a few examples. Firstly, the poor and marginalised small-scale producers who own machinery, like a tractor, are few and far between, and the ones that do, work with machines which are, on average, between 25 and 30 years old (Nikolic 2013a, interview). The ones without machinery often pay people to do the work for them, though this is very expensive. Murati quoted in his interview an average rate of 150 Euros (\$167.78, £109.02, RSD18,020.95) per hectare for ploughing for example (2013). There are other examples as well, where producers are using oxen to plough, especially in the mountainous regions, and horse carriage to transport their products (Radosavljevic 2013, interview). On irrigation, the following data is self-explanatory. According to the Statistical Office of the Republic of Serbia, "[i]n agricultural year 2011/2012, the share of 12% of all holdings applied irrigation on 3% of utilized agricultural area" (2013b, p.148).



Photos 4-7. Producer villages in Jablanica and Pcinja districts (Brkovic 2013b).

Business Challenges

Following the presentation of the poor and marginalised small-scale producers' general poverty levels, in this section, I spell out the main business obstacles hindering their development. My interviewees identified a number of them, however, they put forward the following as the most significant.

At the top of the list is the issue of finding and accessing markets (Radosavljevic 2013, interview), which should not come as surprise when the WEF's data is recalled and the fact that Serbia is the third worst ranked country in terms of the extent of market dominance restated. According to Goran Radivojevic, agricultural adviser at the Municipality Bojnik, this is the main problem (2013, interview), while Murati sees it as one of the three key issues, beside their small-scaleness and the lack of seed capital (2013, interview). Bogdanov states that this issue is one that all small-scale producers share in Jablanica and Pcinja districts, theme reoccurring throughout her research (2013, interview).

Price uncertainty constitutes a second barrier to entry. As Tojaga explains, the price for small-scale producers' produce is completely unrelated to any of the official market prices. "The biggest problem for the last 50 years is that agricultural producers want to know for whom they are producing and to know what is the price of the product. They never knew that, and unfortunately, they never will" (2013, interview 01:39).

The third barrier recognised by my interviewees is the nonexistence of long-term relationships and contracts (Radivojevic 2013, interview and Tojaga 2013, interview). Accompanied with the issue of market access and price uncertainty, this leads to a situation where small-scale producers cannot plan (Radivojevic 2013, interview). The above-stated issues are already sufficient in themselves to explain why poor and marginalised small-scale producers are big risk takers in Serbian food value chains, but the next two related to bank loans and insurance access will put forward argumentation why they are some of the biggest.

Beginning with, but not limited to bank loans, it is important to sense the powerlessness that poor and marginalised small-scale producers feel when going out of their land, their comfort zone. "A small-scale producer is the master of his farm, as well as [the master] of his village, but if he goes to the municipality... or to a bank, he gets scared" (Nikolic 2013a, interview 47:35). From the outset, the relationship is not a business

partnership, but that between a weak petitioner and a far more powerful benefactor. Furthermore, the regular loans offered by the banks with high interest rates are hardly affordable and profitable even for the biggest food producers in Serbia (Biznis i Finansije 2014). Recognising this issue, the government, from time to time, subsidises bank loans. However, just a handful of producers are able to benefit from this in general and almost none of them is a poor and marginalised small-scale producer.

When interviewed, senior bank manager Elvis Colovic, rejoined me that, although meeting the conditions can be challenging, banks, in general, gladly give loans to agricultural producers, above all because in the vast majority of cases, they honour their commitments, and the smallest among them are the most honest (2013, interview). However, even if they manage to get a loan it would not be enough for any serious investments and developments (Ivanovic 2013, interview), especially since as Djordjevic remarked, "if there is no market, every loan is unfavourable" (2013, interview 39:40, audio 4).

Unfortunately for the small-scale producers, the void between the highly demanding and hardly satisfactory offers from the banks and their real need for rural credits is filled by loan sharks, who lend without any real risk assessments, but with very high interest rates (Nikolic 2013a, interview). This is another reason why Serbia scored 100th and 105th out of 144 countries in term of its affordability of financial services and ease of access to loans (WEF 2013).

Access to insurance is even more precarious than with the rural credits. As Jovanovic notes, small-scale producers do not use rural credits, and they "insure even less" (Jovanovic 2013, interview 22:42). As in the case of bank loans, the first problem is related to the three above-identified issues because "[s]ince you do not have a constant production and a stable price, you will not pay to insure something that you will not be able to sell... Here [(in

Jablanica and Pcinja districts)] people cannot afford even pension insurance, let alone to insure their land" (Djordjevic 2013, interview 38:16, audio 4).

On the other hand, the need for agricultural insurance is enormous, since, in tandem with crises and market distortions, the weather conditions were anything but perfect, with droughts, like the one in 2012 (Colovic 2013, interview), hail which in 2013 hit Pcinja District a record number of times (Milovanovic 2013, interview), and floods, which in 2013 hit the same district as well (Ibid.).

The risks that the poor and marginalised small-scale producers face, as stated above, suffice to be considered as the biggest risk takers, and the last illustrative example is just a *coup de grâce*. When asked to explain why he had to postpone his organic cherry production, Vuckovic answered "[w]e did not do it because we wanted to, but because in just one week, over 2,500 of our cherry trees were dug out and stolen" (2013, interview 04:45).

Local Infrastructure, Social Services and Programmes

As already stated, the infrastructure of Jablanica and Pcinja districts is characterised as one of the least developed in Serbia (CDJPD 2013, p.14), which is particularly problematic for small-scale producers' development (Bogdanov 2013, interview). This is confirmed by a number of my interviewees from both districts. Tijana Milovanovic, senior adviser at the Agency for Local Economic Development of the City of Vranje in Pcinja District states that the infrastructure "in South Serbia is generally bad" (2013, interview 11:23). Villages closer to cities tend to have better infrastructure than those which are situated more remotely (Ibid.).

Therefore, Serbian poor and marginalised small-scale producers are, in some parts of the two regions that I researched, in a better position in terms of general infrastructural developmental parameters, but in others, they are not far from their Fairtrade counterparts in

Mexico, especially since the ones from Mexico managed to significantly improve their infrastructure with Fairtrade premiums. Again, this should not come as a surprise when the WEF's scores of Serbia and Mexico in terms of the quality of overall infrastructure, the quality of roads and the quality of the educational system are compared. The former scored 120th, 122nd and 111th respectively, while the latter scored 65th, 50th and 100th (WEF 2013).

I will now analyse in detail different infrastructural aspects in Jablanica and Pcinja districts. I will again start with some of the least developed municipalities in Serbia entire, Crna Trava, and Vatroslav Slavkovic, the director of their Office for Local Economic Development, who stated that out of more than 100 km of roads around the municipality, only 7 km are asphalted, which, together with its geographical position leads to the situation where the small-scale producers are mostly isolated (2013, interview).

The situation is no different in the municipalities of Bojnik, or Lebane, which, although geographically better positioned around the City of Leskovac, are infrastructurally challenged, especially outside the plains (Ivanovic 2013, interview and Radivojevic 2013, interview). In one of the least developed municipalities in Pcinja District, the same situation prevails. On my direct question regarding the state of infrastructure in Trgoviste, Smiljkovic responded even more directly by stating "Roads - zero!" (2013, interview 27:23), further explaining that a number of villages are far away from asphalted roads and accessible only by off-road vehicles (Ibid.).

There are other municipalities in which the situation is better, like the municipality of Medvedja, where, the biggest problems arise from roads which should be maintained by the state, yet are in a worse condition than the ones looked after by the municipality according to Dejan Simic, the director of the Office for Local Economic Development of the Municipality of Medvedja (2013, interview). However, even this good example has a string attached, as

Simic explains. "Each village has an asphalted road and conditions have been brought to a normal state for life. However, this came too late. In the 1970s, the municipality had 30,000 inhabitants, but a large number of people moved away because they did not have elementary living conditions" (Ibid., 01:37). The 2011 census data supports his claims in that it determines the current population in Medvedja at around 7,000 (CDJPD 2015).



Photos 8-11. Examples of road infrastructure in Jablanica and Peinja Districts (Brkovic 2013b).

In elementary and especially secondary education, the villages' location (closer or further away from the main roads), combined with migrations and demography, have decreased the number of children living in many areas (Radosavljevic 2013, interview and Ivanovic 2013, interview). The poorest Serbian pupils and students are, on average supported more comprehensively by the government than their Mexican counterparts discussed in Chapter V (see p.172). In Serbia, educational sponsorship is granted through scholarships or the reimbursement of transportation costs, for example, but also through a system of state led

high schools and students' dorms and canteens (Ivanovic 2013, interview, Radosavljevic 2013, interview, Blagojevic 2013, interview and Smiljkovic 2013, interview).

However, education in Jablanica and Peinja districts is troubled both demographically, and due to migration issues. Smiljkovic notes that pupils leave the municipalities for high school, never to return (2013, interview). In addition, Bogdanov identifies another growing negative trend. "There is data indicating the growth of premature exclusion from education of rural children. There are numerous factors responsible, whether it is all about poverty, [since] some research suggests that it is primarily about the loss of motivation, which is always much harder to tackle than poverty" (2013, interview 35:15).

Regarding access to institutional health care, the situation is similarly complex. Again, there is a difference between the parts of municipalities located in plains where access is good, and from mountainous regions, where the ease of access ranges from adequate to very problematic. This is the case even in the most developed municipalities, like Vlasotince, since in remote villages, ambulances are open only one day a week (Radosavljevic 2013, interview). The same applies in the Municipality of Lebane, for example (Ivanovic 2013, interview). Moreover, in some municipalities, like Lebane, there are areas lacking both mobile network coverage and land lines, leaving local residents unable to contact a doctor in a case of emergency (2013, interview).

What is unusual is the fact that in some of the least developed municipalities, like Crna Trava, the situation is the best and access is described as good (Blagojevic 2013, interview). Again, as with many seemingly positive examples, there are demographic strings attached. In this particular case, the whole municipality has around 1,500 people, mostly living around the centre of the municipality, facilitating provision of health care.

Moving from the physical medical infrastructure coverage to the general state of health care, it can be said that the Serbian national health system largely surpasses Mexican

Seguro Popular discussed in Chapter V (see p.172), given the fact that it is envisaged as universal and all-encompassing (Vukojicic Obradovic 2012), and, in theory, it is. However, in practice, the model experiences a number of difficulties. In order to access national medical care, a Serbian citizen has to have a valid medical card and according to information from the Serbian National Health Insurance Fund stated by Vukojicic Obradovic "around one million people in Serbia do not have the valid medical card... meaning that one in every seven people cannot use the health care system properly" (Ibid., p.5). Access to medical registration requires employment, or registration as unemployed, since private payment is very expensive (Djordjevic 2013, interview, Nikolic 2013a, interview and Smiljkovic 2013, interview).

I will continue this section by discussing the Serbian pension system, which generally surpasses the Mexican one, given the fact that *70 y Más* is worth an unsatisfactory \$45 per month (see Chapter V). Therefore, Mexican pensioners receive less than what retired producers in Serbia can expect. However, Serbian agricultural pensions can be as low as RSD6,000 (\$55.86, €49.94, £36.3) per calendar month (Djordjevic 2013, interview). While the majority of poor and marginalised small-scale producers in Jablanica and Pcinja districts can generally expect an agricultural pension of around RSD10,000 (\$93.1, €83.24, £60.5) per calendar month, this is still under the poverty line (\$3.01 per day).

Finally, regarding social security, the situation for people who are not working is very difficult, because the social security for a three-member family with a child is around RSD12,000 (\$111.72, €99.88, £72.6) per month, which cannot cover even a half of the minimal corresponding basket of goods and services at RSD30,580 (\$284.7, €254.54, £185) per month (Vukojicic Obradovic 2012).

To conclude, public welfare programmes in Serbia generally surpass their Mexican counterparts. However, while the latter are improving in terms of their accessibility, quality

and coverage, Serbian performance in these indicators is declining in light of its general macroeconomic circumstances.

National Subsidies and Developmental Aid

One of the Fairtrade system's strongest arguments for the exclusion of producers from the Global North is their implication in subsidy regimes. I have already noted that this argument clearly exhibits a double standard, since Mexican producers are actually encouraged to enter Fairtrade producer organisations, because these cooperatives help them to apply for support programmes.

In the case of Serbia, from 2007, Serbian agricultural support programmes, as in many countries around the world, moved towards directly subsidising land ownership (based on hectares) or livestock (based on their numbers) and on agro-production inputs, such as fertilisers and petrol (Bozic et al. 2011, p.292, Djordjevic 2013, interview, Radivojevic 2013, interview and Nikolic 2013a, interview).

In addition, from time to time, the government supports agricultural modernisation through subsidised rural credits, as already discussed above (Radivojevic 2013, interview and Bozic et al. 2011, p.292). Furthermore, there are different one-off calls for applications, for "land development, the consolidation of farmland and for free-of-charge chemical analysis of soil" (Djordjevic 2013, interview 48:35, audio 4). In addition, the government supports organic production as well (Fotiric Aksic 2013, interview). This non-exhaustive list of irregular subsidies changes from one minister of agriculture to another, depending on their agro-political viewpoints, but also on the current challenges facing the Serbian agricultural sector (Nikolic 2013a, interview). There is little doubt that those food producers who have

received governmental subsidies are, at least to a certain extent, better off with them, than without them. At the same time, these support programmes come with their own issues.

To begin with, the Serbian system of subsidies operates top-down, not taking into consideration the specific needs of local communities, which Stojanovic particularly emphasizes as problematic (2013b, interview). Furthermore, most of the poor and marginalised agricultural households are not registered, and therefore, they cannot apply for any type of help from the government (Bozic et al. 2011, p.300). More precariously, being registered is not a guarantee either, since in 2010 for example, only 16.6 percent of registered agricultural households received subsidies (Ibid.).

Moving from these general issues with governmental agricultural programmes to more specific ones, Tojaga, firstly, pointed out that we "subsidise the richest [and the biggest], and certainly not the poorest" (2013, interview 03:35). He offers an illustrative example regarding livestock. In South Serbia, agricultural households, "on average, have 1-3 heads of livestock and subsidies start from the fourth" (Ibid. 03:41). In addition, there is the issue of conditions for receiving subsidies and it is twofold.

As I have already pointed out, the small-scaleness and property rights are the key reasons for exclusion, yet the application process for subsidies is also far from straightforward. Fotiric Aksic states that "[i]t almost looks like the Ministry of Agriculture is looking for mistakes and cannot wait to find them in order to disqualify you... I believe that is not fair... They should put on their website how the forms should be filled in correctly" (2013, interview 10:02). This point is again in line with the fact that Serbia is ranked among the twenty worst countries in terms of the favouritism in decisions of its government officials and the burden of government regulation (WEF 2013).

Even if all of the above difficulties are surpassed, a small-scale producer faces probably the most important issue, and that is the fact that the subsidies themselves are

insufficient (Radivojevic 2013, interview, Milovanovic 2013, interview and Colovic 2013, interview). Vitosevic has calculated that, on average, every registered producer in Serbia is entitled to around 85 Euros (\$95.07, £61.78, RSD10,211.87) worth of governmental subsidies per hectare, per year (in Biznis i Finansije 2014). In this scenario, poor and marginalised small-scale producers from Jablanica and Pcinja districts can expect up to 170 Euros (\$190.15 £123.56 RSD20,423.74) per year for their two hectares, or, if divided by two (because the subsidies are per agricultural holding and not per member/producer and there are two to three members per agricultural holding), they receive \$7.67 per month.

In response to my straightforward question whether the governmental agricultural support programmes have any real local impact in Jablanica and Pcinja districts, Ivanovic could not answer more directly: "Absolutely no effect on local [level]!" (2013, interview 03:34). This situation is partially remedied by the work of local city and municipal governments that, in some areas, are practically the only providers of help and subsidies for poor and marginalised small-scale producers. However, the programmes themselves are heavily dependent on the strength of local governments themselves, hence, the poorest can offer the least, despite the needs of their poor and marginalised small-scale producers being the greatest.

Although Serbia's proximity to the EU offers clear advantages, it presents a challenge as well, and I will now put forward the ones most often identified by the literature, and by my interviewees. Firstly, given the fact that Serbia has signed the Interim Agreement on Trade and Trade Related Matters with the EU, it cannot effectively protect its own food sector anymore (Biznis i Finansije 2014). In addition, Serbia does not benefit from the Common Agricultural Policy (CAP), which only applies to the EU member states (Bozic et al. 2011, p.42). The final issue is identified by Professor Jasna Savic from the Faculty of Agriculture of the University of Belgrade, who actively participated in a number of the EU and other

international donors' aid programmes in South Serbia, stating that they failed to deliver the results intended. "Ten years have passed. [(Jablanica and Pcinja districts)] are still the least developed" (2013, interview 10:06). This question is particularly complex and important due to the fact that Jablanica and Pcinja districts, as Nikolic stated, have a privileged status in the eyes of the EU, UN and other developmental programmes (2013a, interview).

In the following sections, I limit my observations to EU programmes, since the EU is the biggest donor in Serbia (CDJPD 2013). A number of beneficial projects were conducted, which helped, among other things, the development of the poor and marginalised small-scale producers (Simic 2013, interview, Murati 2013, interview and Milovanovic 2013, interview, for example). The importance of the EU help is also clearly visible when it is known that the Census on Agriculture itself, which will be the base for all future Serbian agricultural development strategies in years to come, would not be possible without 9 million Euros worth of the EU donation towards its completion (Novosti 2012). In other words, it would be misleading to say that the developmental aid, both from the EU and other donors, has no positive impact on Jablanica and Pcinja districts. At the same time, they deliver mixed outcomes, for several reasons.

Although funds are available, Jablanica and Pcinja districts are often unable to use them, since their procedures and the implementation are frequently too complex and beyond the capacities of small NGOs or local governments (Simic 2013, interview). Secondly, the inadequacy of the top-down approach of many developmental programmes persists (Easterly 2006), particularly in recognising local priorities, i.e. what is identified as a necessity by donors and what by the people (Bogdanov 2013, interview). Murati, moreover illustrates technical issues emanating from this approach on the basis of one educational programme. "During the summer period... people are in their fields... and they have to attend lectures three

days in a row. This is the question of organisation. So, this issue has halved the rest of people [who were able to attend]" (2013, interview 36:34).

While third-sector developmental projects are well-intended and yield certain positive results, like their public counterparts, "it seems that all of this is not enough to keep the youth [here]" (Radivojevic 2013, interview 10:25). Therefore, they cannot be seen as hindering Serbian Fairtrade inclusion in comparison to other "producer-included" upper-middle-income economies, as theoretically discussed in Chapter III (see pp.114-128).

Migrations and Demographic Challenges

The penultimate characteristic identified in Chapter V are mass migrations followed by the abandonment of the countryside. This issue is actually far worse in Serbia with countless completely deserted villages, or the ones in which the average age of inhabitants is more than 60 years, with no young couples or children under the age of 18 (Blagojevic 2013, interview and SADS 2005, p.25).

One of the regions subject to critical migratory patterns is South Serbia, both for internal (national) and external (international) migrations (Djuraskovic 2013, interview). Therefore, it comes as no surprise that the migration of population is identified as one of the main challenges facing Jablanica and Peinja districts (Stojanovic 2013a, interview, Murati 2013, interview, Zegarac Milenkovic 2013, interview, Nikolic 2013a, interview and Milenkovic 2013, interview, for example).

Differences on the ground distinguish villages in plains from their mountainous counterparts. For example, the Municipality of Vladicin Han has "50 villages, out of which 85 percent of villages are in mountainous regions and only 15 percents are located in plains. All the villages in the plains are currently recording population growth because all the people

from the mountainous villages are moving there, and the mountainous villages die out" (Nikolic 2013a, interview 04:45).

However, even the people from the plains are leaving the municipality, which is again confirmed by Nikolic stating that "[t]he municipality of Vladicin Han has a trend of population decline. For the past 10 years we have lost 1,000 people [(5 percent)]" (Ibid., 05:08). Surdulica similarly lost 10 percent of the population over the past decade (Zegarac Milenkovic 2013, interview). Milenkovic puts forward another specific example from the Municipality of Bosilegrad, which borders Bulgaria, stating that a number of people move towards Sofia before transiting further into the EU (2013, interview).

As already stated, this may result in a rural exodus in the Serbian regions (Biznis i Finansije 2014). As a consequence, Serbia will lose its food security by becoming dependant on food imports, further requiring foreign labour to work in these deserted regions (Ibid.), some of which could even become weekend holiday destinations instead of municipalities, as Veselin Jovasevic, agricultural adviser at the Municipality of Crna Trava, warns (2013, interview). Finally, it will remain one of the worst ranked countries in terms of brain drain (WEF 2013).

An accompanying issue is of the changed demographic picture, because younger people are the ones who most often migrate. Therefore, villages which have not already been deserted entirely, especially in mountainous regions, are most likely to be populated by older people, without a real chance for independent future revival (Jovasevic 2013, interview, Jovanovic 2013, interview and Slavkovic 2013, interview, for example).

The problem of senior, small-scale producers is also identified on the national level by the Serbian Agricultural Development Strategy (2005, p.25), however, the local realities in Jablanica and Pcinja districts are particularly troublesome. Here, the percentage of agricultural non-commercial households (predominantly households with older people who

hardly yield any produce, let alone for the market) is 63 percent, which is two and a half times higher than the national average of 25 percent (CDJPD 2013). This actually means that only a third of agricultural households are actually food producers, who lie at the centre of my research interest. This particular fact is one of the best indicators of a very difficult demographic situation in these two districts.

In the Municipality of Crna Trava, which already has merely around 1,500 inhabitants, the situation is the most precarious. However, the following information from Slavoljub Blagojevic, the president of the municipality himself is even more alarming. "The data is devastating. This year, not a single child was born and around thirty people died already. Between the two censuses [(at an interval of ten years)], we have lost over 30 percent of the population... Without new immigration, Crna Trava cannot survive" (2013, interview 01:32). In other municipalities the situation is no better. Smiljkovic states that in the Municipality of Trgoviste, apart from a few, more successful potato producing villages, all the others are populated exclusively with older people. "One or two [per household] remained. Nothing is being produced. All the youth have left" (2013, interview 05:34).

In Medvedja, the situation is a little bit better, however, still, in many villages, especially in mountainous regions, the vast majority are households of older people, since "[t]he youth mainly emigrated" (Djordjevic 2013, interview 09:02, audio 4). In the Municipality of Vladicin Han, the situation does not only manifest in the fact that, like in the above-mentioned municipalities, the villages in the mountains are populated by older households, but the average age of people in the municipality as a whole is 55-56 years (Nikolic 2013a, interview).

Throughout the region, the situation is similar, which should not come as a surprise when it is known that Serbia has one of the oldest populations in the world. "With the average age of the population of 40.5 years, Serbia is now among the ten demographically

oldest countries in the world" (Politika 2014, p.1). What is even more worrying is the fact that in Serbia "the average age of holders of family agricultural holdings is 59 years" (Statistical Office of the Republic of Serbia 2013b, p.14). Therefore, Fairtrade, if it ever comes, will come too late for many areas in Serbia where the small-scale producer community once thrived.

7.4. Necessity for and Advantages that Fairtrade Benefits Can Bring

Following the presentation of the main characteristics of the Serbian poor and marginalised small-scale fruit and vegetables producers from Jablanica and Peinja districts, I will now focus on Fairtrade benefits as the second most important feature which I identified in the Mexican case study as the lesson-drawing base (see corresponding section on pp.181-192), analysing them now from the Serbian perspective. I will carry on the debate above by detailing Serbian poor and marginalised small-scale producers' requirement of Fairtrade benefits, and by putting forward their potential impact, in order to identify subsequent potential for progress. My aim is to further reinforce my position towards their inclusion in the Fairtrade system, as well as to point out that if that does not happen, they will be potentially at risk of becoming double-losers, excluded from both conventional trade and Fairtrade.

Based on the critical analysis of the literature, and on my fieldwork presented in chapters II, III and V respectively, I have identified twenty benefits covering monetary, non-monetary economic and non-economic aspects, and I will present them in the Serbian context. In doing so, I aim to continue the discussion in Chapter V and offer further arguments that all Fairtrade benefits which are available to Mexican Fairtrade producers are

important, although in different degrees and in different ways, for poor and marginalised small-scale Serbian producers as well.

Monetary Fairtrade Benefits

As in Chapter V (see pp.178-180), I will begin with the Fairtrade minimum price and Fairtrade premium. Regarding poor and marginalised small-scale Serbian producers, currently, they do not have anything comparable to the "monetary life jacket", as Arnould and his colleagues described the Fairtrade minimum price. In the previous section, I put forward evidence that Nicholls and Opal's idea of sufficient coverage of living and production costs is far from reality for a number of Jablanica and Peinja districts' producers (Tojaga 2013, interview, Slavkovic 2013, interview, Smiljkovic 2013, interview and Murati 2013, interview). I will now put forward some additional points on how the price for their agricultural products is formed and then, a few further illustrative examples why it is not sufficient.

When asked how the global market prices are reflected in the middlemen's prices, Stojanovic responded "[t]hey are absolutely not interested" (2013c, interview 06:57). Although there is a national price information channel, the Agricultural Market Information System of Serbia, which small-scale producers can use as a reference (Murati 2013, interview), these prices are far from what they get when selling on local markets or through middlemen.

Tojaga gives an example in the case of apples. He stated that middlemen are often taking 20 - 30 percent of the price, so in a good year, small-scale producers can have up to RSD40 (\$0.37, €0.33, £0.24) per kilogram (2013, interview). However, the price fluctuates severely and as an example, he puts forward more than a 100 percent discrepancy between

the 2011 and 2012 prices for second-class apples (RSD7-9 and RSD17-22 per kilogram, respectively) (Ibid.).

A very similar situation can be observed in vegetable production, where the magnitude of the price drop, after the peak of the food crises for example, is best described by Vuckovic stating that in 2008, tomatoes fetched RSD120 (\$1.12, €1, £0.73) per kilogram, and just a year after, this price had imploded to RSD3 (\$0.027, €0.025, £0.018) per kilogram (2013, interview). Therefore, because they are neither organised nor protected by any kind of minimum price which would guarantee sustainability, small-scale producers "mostly depend on the current offer of goods in the region" (Ivanovic 2013, interview 24:38).

Furthermore, as already explained, the infrastructure of Jablanica and Pcinja districts is characterised as one of the least developed in Serbia (CDJPD 2013), which is particularly problematic for small-scale producers' development (Bogdanov 2013, interview). Therefore, Serbian poor and marginalised producers, in many parts of the two regions that I researched, are on a par with their counterparts in Mexico, and in a worse situation when compared with Fairtrade producing communities who managed to significantly improve their infrastructure due to Fairtrade premiums.

All of these areas are important for Serbian small producers as well, due to already explained state of, firstly, roads (Slavkovic 2013, interview, Ivanovic 2013, interview, Radivojevic 2013, interview and Smiljkovic 2013, interview). Secondly, due the issues with access to schools and education in general (Radosavljevic 2013, interview and Ivanovic 2013, interview). According to the newest national research, Lebane in Jablanica District is one of the five municipalities in Serbia where the rate of elementary school dropouts is the highest and the Municipality of Bujanovac in Pcinja District is among the top five regarding dropouts from high schools (Report on the Work of the National Education Council in Gucijan 2014).

Finally, they are important due to the declining state of the health institutions' access and the health care in general (Radosavljevic 2013, interview and Ivanovic 2013, interview).

Due to all above-stated issues, public services in Serbia are declining in terms of accessibility, quality and coverage. According to Bogdanov, many poor and marginalised small-scale producers do not have access to basic social services and programmes guaranteed by the state, such as education or health care (2013, interview). Even when they manage access them, "their quality, which is equally important, is significantly lower" (Bogdanov 2013, interview 34:22).

Therefore, the consequence is that the Fairtrade premium, which was envisaged as developmental funding, is necessary for poor and marginalised small-scale producers in Serbia as well, especially given the fact that inadequate infrastructure represents one of the dominant problems in everyday life of people (Milenkovic 2013, interview).

Non-Monetary Economic Fairtrade Benefits

The second group of Fairtrade benefits consists of thirteen interconnected non-monetary economic advancements. According to Fairtrade supporters, the above-stated academic analyses, as well as my fieldwork put forward in chapters II and III, and V respectively, Fairtrade has improved accesses to market information, to markets themselves and to pre-harvest/pre-production financing for many Fairtrade producers. In addition, it has improved creditworthiness, risk perception and credibility, and has brought long-term commitments and production stability. Finally, it has enabled technological improvements, diversified production, particularly into organic farming, cut out the middlemen and positively influenced conventional, non-Fairtrade markets. I will now discuss all of these aspects from the Serbian perspective.

According to Milford (2004) and Utting-Chamorro (2005), by participating in the Fairtrade system, Fairtrade producers reduced information asymmetry and received more accurate and timely market information. In Serbia, it can be said that because there is the Agricultural Market Information System of Serbia, small-scale producers can use it as a referent starting point (Murati 2013, interview), because it shows the current selling prices of agricultural goods in the biggest cities in Serbia. However, the problem is that a number of them, firstly, do not have the access to the Internet, but also the fact that this is not the referent price for middlemen and local farmers markets.

For them, the price is "...formed that day at the [local] market... [and] if they are not able to access the [local] market, they are forced to sell at their own farm [to middlemen]. In that case, the price is [minimum] 50-60 percent less than on the market in Leskovac [(which is the regional centre)]. The main reason is the impossibility to access the market... which is exploited by middlemen" (Milenkovic 2013, interview 29:34).

Furthermore, unlike in the case of Fairtrade producers, to whom Fairtrade has brought "tangible benefits... by connecting them to export markets" (Kasterine 2006, p.18), in Serbia, the situation is different because poor and marginalised small-scale producers would be greatly aided if they would be able to sell their products nationally. Therefore, it comes as no surprise why market access is identified as the biggest problem (Bogdanov 2013, interview, Radosavljevic 2013, interview, Radivojevic 2013, interview and Murati 2013, interview). Bogdanov states that this issue is one that all food producers share in Jablanica and Pcinja districts according to all of her research (2013, interview).

Milovanovic illustrates the severity of the situation compared to all other "usual" production issues of quality, quantity and continuity, which are, in fact, a challenge for many established Fairtrade producers (see Davies and Ryals 2010 and Diniz and Fabbe-Costes 2007). She notes that for a group of small-scale vegetable producers from Pcinja District,

market access for their goods is enough for them to do all the necessary improvements in order not to jeopardise it (2013, interview). Unlike many Fairtrade producer organisations that cannot, for one reason or the other, regularly meet the standards of quality and taste, the evidence from the field suggests that poor and marginalised small-scale producers in Jablanica and Pcinja districts would be able to, if offered a chance.

In addition, the regular loans offered by banks with high interest rates are hardly affordable and profitable even for the biggest food producers in Serbia (Biznis i Finansije 2014), let alone for the poorest, while subsidised government loans seldom, if ever, reach small-scale producers in Jablanica and Pcinja districts (Jovanovic 2013, interview). Hence, their inherent creditworthiness explained by Colovic (2013, interview) meets the reality in which they either cannot meet banks' requirements (Jovanovic 2013, interview), or, whenever they succeed, the loans themselves are simply insufficient to facilitate any serious investment and developments (Ivanovic 2013, interview). This is the reason why in Serbia, according to Serbian Agriculture Development Strategy, "the rural credit market hardly exists" (2005, p.10), which could not be further away from the 60 to 100 percent pre-harvest/pre-production loans guaranteed for Fairtrade producers.

This better pre-harvest/pre-production financing and greater creditworthiness is interconnected with a better risk perception (Bacon 2005, p.506). In the case of Serbia, as stated above, in terms of agricultural insurance, for example, the situation is even worse than with rural credits (Jovanovic 2013, interview, Djordjevic 2013, interview, Radosavljevic 2013, interview, Colovic 2013, interview, Ivanovic 2013, interview and Zegarac Milenkovic 2013, interview) and the need for it is enormous. The biggest obstacle is poverty (Nikolic 2013a, interview) and the membership in the Fairtrade system could tackle this issue both directly through monetary, and indirectly through non-monetary economic and non-economic benefits.

All of the above-stated economic non-monetary Fairtrade benefits also lead to longer-term commitments (Murray and Raynolds 2007, p.5), increased credibility (Schmelzer 2006, p.22), and to an incentive to increase the quality of production for an old and trustworthy customer, consequently leading to greater production stability (Milford 2004, p.59 and Utting-Chamorro 2005, p.592). As explained above, in Serbia, an almost complete lack of long-term contracts is accompanied by the fact that relational global value chains are virtually non-existent, with merely a few exceptions. Apart from theoretical viewpoints presented in chapters II and III, this is also recognised as one of the biggest issues in practice (Radivojevic 2013, interview and Tojaga 2013, interview).

Two increasingly significant non-monetary economic Fairtrade benefits are the possibility to diversify production and especially, to transition to more lucrative, and at the same time, more ecologically sustainable organic production (Nelson and Pound 2009, Lamb 2008 and Nicholls and Opal 2005). The latter is particularly important, firstly, due to the fact that cash crop, monoculture production does not pertain to poor and marginalised small-scale producers in Serbia as it does to others. Moreover, organic production is one of the key potentials of Jablanica and Pcinja districts, and one of the few remaining channels for small-scale producers advancements.

Fotiric Aksic explains that both domestic and foreign certification companies carry out organic certification in Serbia, and that currently, between 0.3 and 0.5 percent of total utilised agricultural land in Serbia is converted to such production (2013, interview). She further remarks that between 80 and 90 percent of all organic products produced in Serbia are for export, due to the fact that organic producers "will achieve higher profits by exporting than by selling here" (Ibid. 07:49). What is particularly important for my research is the fact that according to Bogdanov, in Serbia "[t]oday, organic producers... are from the group of small-scale [producers], because the big ones do not have any interest whatsoever in such

production. ...Those [small-scale] producers... started with organic production very early, already at the beginning of the 1990s" (2013, interview 44:34). Finally, their potential competitiveness is best depicted by Djordjevic who states that "[w]e cannot produce 20 tons of raspberries per hectare like Poland, but we can produce it [in a] healthy [way]" (2013, interview 33:48, audio 4).

In response to my question whether there is a future for organic production in Jablanica and Pcinja districts, I received univocally positive answer (Vuckovic 2013, interview, Radivojevic 2013, interview, Zegarac Milenkovic 2013, interview, Smiljkovic 2013, interview, Milovanovic 2013, interview, Tojaga 2013, interview, Nikolic 2013a, interview, Santai 2013 interview, Miletic 2013, interview, Slavkovic 2013, interview, Stojanovic 2013b, interview and others). "[Jablanica and Pcinja districts)] are exceptionally unpolluted. Look at Cemernik [(a mountainous region on the border between two districts)], in all ecological maps, it is marked green" (Vuckovic 2013, interview 12:58). In line with this position is Radivojevic who answered "[a]bsolutely! Unpolluted environment. We do not have factories, [and on the other hand] we have the altitude and the soil quality" (2013, interview 33:52).

The best confirmation of how big the organic potentials of the region are can be found in the words of Murati (2013, interview), Fotiric Aksic (2013, interview) and Vuckovic (2013, interview) stating that even without any additional conversion changes, a great amount of agricultural land in Jablanica and Pcinja district could be used right away for organic production, since it is passively organic. "There are opportunities here [for organic production] as the land was at rest. If there was an analysis, 50 percent [of the land] would be good [(passively organic)]" (Murati 2013, interview 29:27).





Photos 12-15. Jablanica and Pcinja districts' landscapes (Brkovic 2013b).

Since the current number of organic producers in Jablanica and Pcinja districts is very small, *inter alia*, these potentials are not immediately realised (Santai 2013, interview, Milovanovic 2013, interview and others). Above all, at around 300 Euros (\$335.55, £218.05, RSD36,041.89) per hectare, per year (Fotiric Aksic 2013, interview and Jovanic 2013, interview), the cost of certification is considerably higher than for the Fairtrade certification. "Certification is very expensive. There is no organic production without 300 Euros per year, no matter how small you are" (Jovanic 2013, interview 25:07, audio 2). However, the Centre for Development of Jablanica and Pcinja Districts is a pioneer in organic production support and training, and through their projects, currently more than twenty producers are converting their production to organic according to Ljubinka Santai, the team leader for organic food production support in South Serbia at the Centre for Development of Jablanica and Pcinja Districts (2013, interview). Nonetheless, although recognising the enthusiasm of the newly devoted organic producers, Santai, in her interview asked herself "[w]hat will happen when the time comes to sell their products? We shall see" (Ibid. 01:07:10), again confirming the

priority of the market access issue, which could be greatly remedied through the Fairtrade system.

The penultimate non-monetary economic benefit is, at the same time, one of the main goals of the Fairtrade system, which aims to reshape global value chains by cutting out middlemen. The situation for poor and marginalised small-scale producers in Serbia on the local level is very similar to that of non-Fairtrade producers.

To begin with, regarding their numbers, Stojanovic has stated that in Serbia, a lot of middlemen can be found (2013c, interview). Regarding their trading methods, according to Djordjevic, in the case of plums for example, they work for a minimum 10 percent gross margin, and will not bother for less (2013, interview). Tojaga goes even further, noting that in the case of early fruits and the fruits which can easily go bad off, the local middleman gross margin can be up to 100 percent (2013, interview). In Lebane, Ivanovic states that the middlemen gross margins are around 30 percent, while producers cannot expect the same return (2013, interview).

In the most remote places, middlemen have their own middlemen (Tojaga 2013, interview). Smiljkovic explains the situation in Trgoviste. "There are many hands. There are more and more middlemen. [One] obtains a license... and he divides it to ten others. They do not have a license [themselves], but they have a permission [from the first middlemen] as purchasing places" (2013 interview 43:10). The situation is not much better even if small-scale producers can physically come to the local farmers markets because, as Jovanovic explained, "more than 90 percent of the sellers [at the local market place] are not small-scale producers, but local middleman" (2013, interview 14:42).

As if the issues of difficult market access and middleman gross margins were not enough, the final local "phenomenon", as Milenkovic calls it, is the situation that the food products bought by middlemen are simply not paid in the end (2013, interview). This is not

an isolated case, since the same is recognised by many of my interviewees, for example, by Djordjevic, who noted that "middlemen... often take goods without paying" (2013, interview 30:24, audio 4), or by Ivanovic pointing out that even organised export can be misused, since "[i]t is a common practice not to pay for all the goods" (2013, interview 13:12). "People have been cheated many times. There is no security" (Ibid. 12:53). Hence, even the poor and unfair payment is not always guaranteed when doing business with *coyotes*. Therefore, it comes as no surprise why the inclusion in the Fairtrade system would be such a big step forward for Serbian poor and marginalised small-scale producers.

Finally, due to other Fairtrade benefits, the Fairtrade system, where present, positively influences conventional, non-Fairtrade markets as well. This would be equally important in the Serbian context, due to the poverty levels explained in the previous section. Furthermore, market information, which the Fairtrade producers receive due to their long-term and stable relations with other members of the Fairtrade system, is shared with their neighbours in order to help them capture more value in the conventional market and the same is true regarding information about access to new export markets (Nelson and Pound 2009, pp.12-13). Obviously, in Serbia, firstly some of the producers will have to be able to enter the system in order to share their knowledge, however, as the example of the vegetable producer organisation near the city of Vranje shows, in established cooperatives, people are open for collaboration (Milovanovic 2013, interview).

In Oaxaca for example, the Fairtrade families create extra days of waged employment, above the conventional average, for other community members, putting additional funds into the pockets of both Fairtrade and non-Fairtrade workers in particular and into the community economy in general (Jaffee 2007). This is probably the most important Fairtrade to non-Fairtrade transferring benefit in the Serbian context due to the problem of unemployment (Agusi 2013, interview). Finally, the presence of the Fairtrade system forces all middlemen to

correct their prices, which is also beneficial for non-Fairtrade producers as well (Milford 2004), an improvement desperately needed in Jablanica and Pcinja districts, as just explained.

Non-economic Fairtrade Benefits

The final part of the debate about Fairtrade benefits will revolve around the five non-economic ones: individual empowerment, everyday improvements in living conditions, educational benefits for Fairtrade producers' children, organisational advancements and political and cultural strengthening of producers' communities already discussed from the Mexican perspective in Chapter V.

On the individual level, in Mexico, a Fairtrade producer Isaías Martínez has stated that "[t]he most important contribution of the Fairtrade Labelling system is in my eyes that our 'dignity as a human being' is recovered" (in Schmelzer 2006, p.30). In the case of Serbia, as I have already explained, the Serbian poor and marginalised small-scale producer is the master of her/his farm (Nikolic 2013a, interview). However, beyond it, s/he is often cheated by middlemen (Nikolic 2013a, interview), who sometimes pay nothing at all (Milenkovic 2013, interview), frightened by the banks (Nikolic 2013a, interview) and discouraged by the complicated governmental agricultural support programmes' procedures (Ivanovic 2013, interview).

Even my most optimistic interviewees, when asked about what will happen in the next five to ten years, had to encourage themselves by saying "I do not want to be a pessimist" (Nikolic 2013a, interview 58:27), and those are the people who devoted their time trying to change the difficult reality in their municipalities. Naturally, the poor and marginalised small-scale producers are, in general, far less optimistic. Many actors are simply apathetic and they do not want to initiate anything (Murati 2013, interview). The Centre for Development of

Jablanica and Pcinja Districts and local governments are trying and in many different ways succeeding in helping them, however, these are not business initiatives and they cannot give them what they really need and what the Fairtrade system, as a trade-not-aid initiative, in fact, could.

Together with the psychological dimension, which is equally important for a Fairtrade producer, are the improvements of her/his physical surroundings. In Chapter V, I already presented a comprehensive debate about the improvements in everyday living conditions that Mexican Fairtrade producers experience unlike their non-Fairtrade neighbours.

In the case of Serbia, the poor and marginalised small-scale producers seldom make this a priority. Firstly, they have to invest everything back into production, in order to ensure that they will be able to start a new cycle (Tojaga 2013, interview), and secondly, because of their pride. Dejan Nikolic explains: "We have a Centre for Social Work [in Vladicin Han], which administers who will receive social help. However, in these parts, people are, let's say, proud and they do not use social help. They do not want to ask for it. They are embarrassed to go to the Centre for Social Work and say - I do not have, please give me something. They will more likely suffer [and work] rather than ask [for help]" (2013a, interview 22:39).

The final individual/family benefit results from the insistence of the Fairtrade system on Fairtrade producers' children education. Again, it is important to state that the poorest Serbian pupils and students are supported by the government more comprehensively than in Mexico. However, it is also important to remember that in Jablanica and Pcinja districts, some of the municipalities are at the top of the lists regarding elementary and high school dropouts, and that up to 30 percent of children in Serbia are at risk of poverty, according to the latest data presented by the national Institute for Social Security (BETA 2014).

All the above stated individual empowerment measures are augmented by the fact that a Fairtrade producer is, at the same time, a member of the Fairtrade cooperative. Serbia has a

very long tradition of producer organisations, i.e. cooperatives which are called *zadruga* in Serbian, dating back from the second half of the 19th century (SADS 2005, p.16). Their contemporary importance is clearly recognised on the local level, by the Centre for Development of Jablanica and Pcinja Districts stating in their main developmental documents that the cooperation between producers, starting with neighbours and spreading through villages and whole areas, is especially important for cheaper inputs, production development, better sales and protection of their rights (CDJPD 2013). In addition, local governments strongly encourage the development of their local cooperatives through education, and business, administrative and technical support (Ibid.).

It is therefore clear that their importance is recognised and appreciated, however, the current moment of their development shows a more complex picture. Regarding Jablanica and Pcinja districts' cooperatives, nearly all of my interviewees from Serbia had a lot to say about them, both about the past and the present, both in terms of positive and negative experiences. Colovic stated that people are realising more and more the importance of economies of scale, and that they are joining forces in order to advance their procurement of inputs and sales, allowing them to fetch better prices and better conditions (2013, interview). Djordjevic is in line with this point, stating that more people realise that "they are left alone, and that no one can help them if they do not help themselves" (2013, interview 26:49, audio 4).

How big the need for them in some municipalities can be is best described by Sasa Dodic, the director of the Office for Local Economic Development of the Municipality of Bojnik, who commented that in Bojnik, for example, there are practically no agricultural cooperatives, which he sees as a big issue (2013, interview). The same situation is, for example, in Presevo and Trgoviste (Murati 2013, interview and Smiljkovic 2013, interview).

Apart from the fact that it is a Fairtrade prerequisite, organising small-scale producers into cooperatives in itself has numerous advantages. As in the case of Mexico, I have also identified corresponding benefits in Serbia, in terms of strength in numbers, easier market access, technological and production diversification.

Tojaga highlights an excellent case of cooperation. In a number of the most developed villages around the City of Leskovac, small-scale producers have united their land and together with the Serbian government and the World Bank have changed their petrol generators, which they used for food production in glasshouses and poly-tunnels, using electricity from the national grid, which lowered their costs of production significantly (2013, interview).

Regarding their educational potentials, Milovanovic confirms this point by stating that when a cooperative is working well, agricultural producers want to advance their knowledge and therefore, they follow the new agricultural developments and go to seminars (2013, interview). Moreover, when enough people, with sufficient know-how are put in a collaborative surrounding of a cooperative, the following improvements are rarely absent. Firstly, cooperatives provide continuous market access, entailing initiatives to become even more competitive, which often leads to technological developments and consequently, higher quality and larger quantities leading to the achievement of good prices (Stojanovic 2013b, interview). The latter were particularly successful in changing the small-scale producers' mind about joining forces again and starting to work together in cooperatives. When small-scale producers "realise the advantages, they slowly start to accept the concept of cooperatives" (Milovanovic 2013, interview 07:20).

In addition, cooperative membership can lead to a parallel strengthening of the quality, quantity and continuity of primary production, but also to diversification, into, for example, beekeeping or organic production, which can become the ground for further

cooperation, now through, for instance, specialist honey or organic producer organisations (Miletic 2013, interview, Radosavljevic 2013, interview and Vuckovic 2013, interview).

The final Fairtrade benefit is focused on producers' political and cultural empowerment. Milford (2004) found that due to their newly won power coming from participation in the Fairtrade system and all accompanying benefits, Mexican Fairtrade producers were able to lobby not only for the political and policy changes which had a direct impact on their production, but also for positive improvements in national non-Fairtrade coffee market as well. The current situation in Serbia regarding these issues is best depicted by Sevarlic who notes that "[f]or several election cycles, in the Serbian parliament there are practically no relevant representatives of this group [(food producers)]" (in *Biznis i Finansije* 2014, p.3). Therefore, the necessity for this benefit is certainly present and on the local level, the Centre for Development of Jablanica and Pcinja Districts states that the cooperation between producers is paramount to protect their rights and lobbying positions (CDJPD 2013).

Murray and his colleagues' research (2003) found that in the Fairtrade coffee communities they studied, Fairtrade also contributed to their cultural revival, especially by supporting ancestral farming practices and preserving rural ways of life. One aspect of the palette of challenges that small-scale producers in Mexico are facing which does not bear upon Serbia is the predominantly indigenous character of Mexican Fairtrade producers. That being said, it is also important to point out that cultural specificities are certainly present in South Serbia. In addition, a number of municipalities are multicultural, with Albanian, Bulgarian and Macedonian minorities, among others, who share the same issues of poverty and marginalisation, particularly if they are small-scale producers. They would benefit equally from entering the Fairtrade system, but would further be able to preserve their particular ancestral ways of production.

To conclude, all of the Fairtrade benefits stated above can be identified as important for poor and marginalised small-scale Serbian producers, recognising the possible advancements that Fairtrade can bring to them once Fairtrade International's standards are changed. Consequently, I can affirm that there is a real need for the above-stated Fairtrade benefits in the case of Serbian small-scale producers, and that they can indeed bring development.

7.5. Future of Serbian Fairtrade Production

Which first steps of Fairtrade production need to be made in Serbia? They are, essentially, the same as with all other, "producer-included" countries, and Harriet Lamb already has a blueprint to offer: "First, we check if Fairtrade can make a difference to the producers, if it can stimulate development and bring greater justice into the trade, and if so how will it have to be framed and adapted? We look at which communities could be interested and which traders. We have to ask: Will it work in the market? What level should the price be set at? Do we need additional rules for this particular product?" (Ibid., p.170). None of these stages would be insurmountable in the Serbian context, and in practice, Djuraskovic proposes the creation of a pilot Fairtrade cooperative, because if just one starts to function as an example of good practice "...then it will become known and people will start to apply these principles in their communities" (2013, interview 38:19).

Furthermore, as Kosanovic stated, in order for Fairtrade to come to life in Serbia, not only would the inclusion of Serbian poor and marginalised small-scale producers be a moral pre-requirement, but also, Serbs will have to be able to buy the products that they really love, for example, the famous peppers, tomatoes, or cherries from South Serbian producers, now under Fairtrade conditions (2013, interview). Moreover, obvious examples of the future

Fairtrade products, which could be easily supplied through relational value chains, are the ones from Serbia, especially due to the fact that the Fairtrade precondition of middlemen exclusion will be welcomed by supermarkets, which is recognised even by Serbian supermarkets currently not participating in the Fairtrade system at the moment (Nikolic 2013b, interview). These topics will be further discussed in the next chapter.

In terms of the prospective Serbian Fairtrade producers themselves, according to my interviewees, firstly, there are glimmers of, demographical, and therefore, pro-Fairtrade hope. Asked whether there is any chance for younger small-scale food producers to remain rather than emigrating, I received a number of positive answers, from all municipalities.

I will start with the least developed. In Crna Trava, Blagojevic stated that if there were fresh investments, the remaining workforce would be able to begin production, and not long after, others would join (2013, interview). In Trgoviste for example, Smiljkovic stated that "the ones who stayed, see the potential in fruit production" (2013, interview 13:28). Moreover, in Medvedja, Djordjevic said that the problem is not in the willingness to work, know-how or production capacities, and that many will gladly come back if they would know what to do with the products and where to sell them (2013, interview). Milisav Miletic, the president of the local beekeepers society, from the same municipality confirmed this impression in his observation that honey production among the young is on the rise, due to excellent natural preconditions, and at the moment, a stable market access and a good price (2013, interview).

Therefore, there are people who will be interested, but their agricultural education, certification knowledge and business know-how are equally important. In these respects, a considerable number of small-scale producers would be able to follow demanding Fairtrade rules and regulations. Savic frames the younger generation as prone to learning (2013, interview). "They are learning non-stop" (Ibid. 33:45). In addition, Radivojevic identified the

senior producers as equally ready to enhance their knowledge through workshops and seminars (2013, interview).

Goran Milenkovic, who is one of the most experienced trainers at the Centre for Development of Jablanica and Pcinja Districts, expressed his satisfaction at the recurring answer he now receives to his question as to whether his clients prefer equipment, agricultural mechanisation or knowledge; "[m]any opted for knowledge" (2013, interview 59:22). Even in the least developed municipalities like Presevo or Trgoviste, when directly asked if poor and marginalised small-scale producers will be able to follow the rules and regulations in terms of quality, quantity and continuity if the sustainable partnership is guaranteed they responded "[a]bsolutely" (Murati 2013, interview 41:18) and that "[t]his is not a problem [even for organic production]" (Smiljkovic 2013, interview 25:29).

Both small and large farms prioritise certification and quality controls, hence, Serbian food producers will not regard the Fairtrade certification logic and requirements as a novelty, particularly because many small-scale producers see these initiatives as the only way to develop. Furthermore, the certification schemes currently available to poor and marginalised small-scale producers in Serbia are many times more expensive than Fairtrade certification and therefore completely unavailable to them. In addition, from the perspective of both Fairtrade International's general and FLO-CERT's particular costs-benefit analyses, it is cheaper to conduct audits for these product categories in closer countries like Serbia. Finally, Serbian poor and marginalised small-scale producers have already showed that they will be able to follow rules and regulations. "I think that it should just be explained to people what it is about. What are their obligations... I think that this is not a problem" (Zegarac Milenkovic 2013 interview 27:23).

Additional facilitators of Fairtrade entrance in Jablanica and Pcinja districts are local governments in general, and their offices for local economic development and their

agricultural advisers in particular, as well as the Centre for Development of Jablanica and Pcinja Districts. As someone who had the opportunity to visit and speak with most of them, I can confirm from my personal experience the highest level of cooperation which I experienced during my field research and their expertise and dedicated work focused on local agricultural support programmes, the cooperation with foreign donor agencies, the educational activities and the general effort to bring development to Jablanica and Pcinja districts.

There are certainly immediate difficulties connected with their inclusion recognised by numerous Fairtraders (Fairtrade Supporter Conference 2013, 2012 and 2011 and Woodger 2012, for example), in addition to the above-presented local challenges. Recognising the resource limitations of the Fairtrade system and its self-evident inability to develop simultaneously in all directions, my position based on my critical analyses of both academic Fair Trade literature and Fairtrade International's standards, as well as on my fieldwork in Serbia is that these problems are surmountable. Therefore, I see the future of some Serbian poor and marginalised small-scale producers in the Fairtrade system.

The Same Fairtradeness?

The arguments presented from the Serbian perspective regarding the characteristics and everyday realities of the poor and marginalised, small-scale fruit and vegetables producers in Jablanica and Pcinja districts strengthen my claims that Mexican Fairtrade producers are not lagging terribly behind them, while in some aspects, they would enjoy a clear advantage, resulting from Fairtrade membership. Consequently, there is a real need for Fairtrade benefits and Fairtrade would have a clear positive impact on their development. Finally, based on their previous certification, and their experiences in achieving quality,

quantity and continuity, Serbian prospective Fairtrade producers will be able to follow Fairtrade rules and regulations, as discussed above.

In the case of Mexican Fairtrade producers and poor and marginalised Serbian small-scale producers, I put forward arguments that, regarding the degree of their Fairtradeness, they are matchable. Firstly, since according to how much they need Fairtrade certification, i.e. how poor, marginalised and small-scale they are criterion, a poor and marginalised small-scale fruit and vegetable producer from Jablanica and Pcinja districts is on a par and therefore has the same degree of Fairtradeness, as one in Mexico who is already a member of the Fairtrade system.

Secondly, Fairtradeness assesses how strictly producers comply with Fairtrade standards. Compliance is considered in three questions. Can they comply? If they can, to what extent? Will they go an extra mile? In this context, I again put forward arguments to support my claim that a poor and marginalised small-scale fruit and vegetable producer from Jablanica and Pcinja districts has the same degree of Fairtradeness as one in Mexico who already happen to be part of the Fairtrade system. Therefore, I find that, *ceteris paribus*, they have the same degree of Fairtradeness.

Finally, if all arguments above are disregarded and if nothing changes, I find that, firstly, from the perspective of the Fairtrade system, this would represent a failure on its part to adhere to its own internal normative and operational logic and its own Vision and Mission, as theoretically discussed in Chapter III (see pp.123-128 and the section "Question of Fairtrade System's *Raison d'Etre*"). As already stated, this can have potentially catastrophic consequences for its future development. Simply put, if the Fairtrade system cannot back its proclamations up with action, its entire credibility is at stake. Moreover, both Serbian, and Fairtrade traders and consumers around the world, will be unable to fully care across geographical, social and economic spaces through the Fairtrade system as long as this

exclusion exists (as discussed in the section "Fairtrade System and Caring Across Spaces"). Finally, from the position of the poor and marginalised small-scale producers in Jablanica and Pcinja districts, I find that without the possibility to join initiatives like Fairtrade, they are at the imminent risk of becoming double-losers, excluded from both the non-Fairtrade and the Fairtrade systems.

7.6. Concluding Remarks

I began Chapter VII by discussing the history and the contemporary structure of the Serbian Fairtrade system. By showing the recent developments, from 2012 onward, I argued that the Fairtrade movement in Serbia is growing, with traders creating demand for Fairtrade products and consumers supporting it with their purchases.

Following this overall introduction to both this and the next chapter, applying my theoretical framework, I put forward a comprehensive debate about the first Fairtrade referent object, the first link in Fairtrade global value chains - prospective Serbian Fairtrade producers. The discussion presented was based on lessons one and two learned from my first illustrative case study on Mexico concerning the main characteristics of Fairtrade producers and benefits that they receive from the Fairtrade system.

Consequently, I presented the main characteristics and everyday realities of poor and marginalised small-scale producers in Jablanica and Pcinja districts. By discussing their general poverty levels, business challenges, state of local infrastructure, social services and programmes, national subsidies and developmental aid, as well as migrations and demographic challenges, I demonstrated that they are not more developed than their Mexican Fairtrade counterparts. On the contrary, in some aspects, Mexican Fairtrade

producers enjoy clear advantages over them, and these directly result from being a part of the Fairtrade system.

Following the presentation of the main characteristics of the Serbian poor and marginalised small-scale fruit and vegetables producers from Jablanica and Pcinja districts, in the following section, I focused on the second most important feature which I identified in the Mexican case study as the lesson-drawing base - the Fairtrade benefits. Here, I analysed them from a Serbian perspective. I continued the discussion about Serbian poor and marginalised small-scale producers' difficult position, hence, their need for Fairtrade benefits by putting forward their potential impacts, in order to identify possible advancements that Fairtrade can bring. I again discussed twenty benefits covering monetary, non-monetary economic and non-economic aspects, now presenting them in the Serbian context. By opening this debate, I aimed to offer further arguments that all Fairtrade benefits available to Mexican Fairtrade producers are similarly important, though in different degrees and in different ways, for poor and marginalised small-scale Serbian producers. I thereby reinforced my position supporting their inclusion in the Fairtrade system, arguing that if this does not happen, they will be potentially at risk of becoming double-losers excluded from both conventional trade and Fairtrade.

Combining the above-presented argumentation with an additional discussion focused solely on who will be the prospective Fairtrade producers from Serbia, I thereby answered my first attendant research question - "To what extent can Serbian poor and marginalised small-scale producers, currently excluded from the Fairtrade system partake in that system?" and subsequently, the first part of my underlying research question focused on the extent to which Serbian poor and marginalised small-scale producers can partake in the Fairtrade system in future.

Therefore, in Chapter VII, by using the lessons drawn from Chapter V as points of departure, combined with my original extensive field research in Serbia, I discussed prospective Serbian Fairtrade production. In the second "Serbian Chapter", the discussion regarding the following two Fairtrade referent objects of my doctoral thesis - Fairtrade traders and consumers, now in the Serbian context, as well as concerning potentials for creating Serbian national Fairtrade-like system will be put forward.

CHAPTER VIII - SERBIAN PRESENT AND FUTURE FAIRTRADE TRADERS AND CONSUMERS AND SERBIAN NATIONAL FAIRTRADE-LIKE SYSTEM

Chapter VIII will continue the debate in Chapter VII, but shift its focus towards Fairtrade traders and consumers as the second and the third key links in Fairtrade global value chains, now from the Serbian perspective. They will be examined through the prism of the following two lessons drawn from the second illustrative case study on the UK.

Firstly, I will focus on Fairtrade mainstreaming through supermarkets that initially sparked Serbian Fairtrade development, and still is the dominant Serbian Fairtrade trading and consuming channel today. Secondly, I will discuss Serbian Fairtrade consumers in general, highlighting the ones with the highest Fairtradeness who are, at the same time, Fairtrade campaigners as well. Therefore, Serbian proto-Fairtrade campaigners will be in the focus of the second section of this chapter.

By concluding these two debates, I will fully answer the second attendant research question - "What is the current situation and what are the potentials for further development of Serbian Fairtrade trade and consumption?", thereby answering the second part of my underlying research question connected with the question of the extent to which Serbian Fairtrade traders and consumers are and will be able to partake in the Fairtrade system in the future.

In addition, following the completion of separate presentations of all three referent objects of my doctoral thesis, in the final part of this chapter, the debate focused on possibilities for developing Serbian national Fairtrade-like system will further enhance the discussion. This will give the final answer to the third attendant research question - "To what extent it is possible to establish a national Fairtrade-like system in Serbia and in that case, is the whole greater than the sum of its parts?", which in turn will answer the final part of my

underlying research question holistically looking on the potentials for Serbian Fairtrade production, trade and consumption.

8.1. Current and Future Fairtrade Traders in Serbia

Continuing the debate focused on the key parts of Serbian Fairtrade value chains, in this section, I will analyse Fairtrade traders as the second Fairtrade referent object, now from the Serbian perspective. They will be analysed through the prism of the first lesson drawn from the UK illustrative case study, i.e. Fairtrade mainstreaming through supermarkets. The utility of this approach rests on the observation that supermarkets are the dominant Serbian Fairtrade food trading and consuming channel, as discussed below.

Before I analyse supermarkets as Fairtrade traders, I will briefly present other Serbian Fairtrade traders, given the fact that, beyond Fairtrade mainstreaming through supermarkets, I am also interested in the general future potential of Serbian Fairtrade trade. As mentioned, I am using my concept of Fairtradeness in order to classify Fairtrade traders. According to my classification, Fairtrade traders with the highest Fairtradeness are the ones who fully follow the spirit of Fairtrade, i.e. the 100% Fair Trade companies, while the ones with lower Fairtradeness range from the best examples of "fair trade adopters", to far less dedicated "fair trade branders", as well as supermarkets selling Fairtrade products, where almost all levels of Fairtrade devotion can be found.

In the Serbian context, 100% Fair Trade companies like the UK's Cafédirect, do not currently exist, hence, there are neither foreign nor domestic companies, whose *raison d'être* is Fairtrade. Similarly, regarding the "fair trade adopters", like the UK's Clipper Teas, there are no corresponding Serbian companies. Similarly, no domestic companies in Serbia are willing to subject themselves to the Fairtrade business logic in the same way as "fair trade

branders" like Nestlé. Regarding the foreign ones, firstly, there are Oriflame's seven cosmetic products made from Fairtrade ingredients. Secondly, Marks & Spencer's garment department is represented by their Fairtrade cotton t-shirts and Djuraskovic points out that the prices for the equivalent Fairtrade and non-Fairtrade t-shirts in Serbia are the same (2013, interview). In addition, Nestlé is represented with their Fairtrade Kit Kat bars.

However, concerning Serbian fair trade branders, although they represent an important part of the initial Fairtrade trade development in Serbia, they are not at the centre of my research attention due to the fact that two out of three are not focused on food and finally, given the fact that I will look Nestlé's Fairtrade Kit Kat bars through their trade and consumption channels - Tempo hypermarkets, which are parts of Delhaize Serbia.

Hence, although crucial for the initial development of the Fairtrade system in the most important Fairtrade trade markets, such as the UK, for example, and very important for its future, the previously presented Fairtrade traders are less significant for the current Fairtrade system in Serbia, although, they are certainly important for its future development (Djuraskovic 2013, interview). Currently, global value chains one, four, six and seven, the ones predominantly used by the above-presented categories of Fairtrade traders as discussed in Chapter II (see pp.76-77 and the section "Fairtrade Relational Global Value Chains", particularly Table 11), are practically nonexistent in Serbia at the time of writing of this dissertation.

As already stated, the Fairtrade global value chains "in the middle" are dominant, and according to my interviewees, the majority of the Serbian Fairtrade market will be based on them in foreseeable future as well (Kosanovic 2013, interview and Seslija 2013, interview). The Fairtrade global value chains two, three and five perfectly fit the Fairtrade mainstreaming-through-supermarkets process as already explained theoretical in chapters II and III and empirically in Chapter VI, since they are either facilitated or commenced by

mainstream supermarkets. Therefore, the Serbian Fairtrade trader, which has the above-stated Fairtrade global value chains in the base of its Fairtrade business practices, is of the utmost importance for my doctoral research. That is Delhaize Serbia, a part of the Delhaize Group where, at the moment, eight Fairtrade products can be bought: two types of cereals, chocolate cream, chocolate biscuits, Fairtrade Kit Kat bars, and three types of tea - green tea with lemon, rooibos and Earl Grey.

There are other big supermarkets in Serbia, like Croatian Idea, which recently bought Slovenian Mercator (which had under its umbrella the Roda chain of supermarkets as well). According to Kosanovic, they are Delhaize's most serious competitors (2013, interview). I will also introduce Super Vero supermarkets, which are part of the Greek Veropoulos chain (Veropoulos 2015). Finally, there are DIS and Univerexport, which are the least developed out of the big five, but are Serbian domestic supermarkets (DIS 2015 and Univerexport 2015). Finally, I will mention Primanova, which, although significantly smaller than all the above-mentioned supermarket chains, is the biggest local food trading company in Jablanica and Pcinja districts, and opened the first hypermarket in South Serbia (Nikolic 2013b, interview).

However, my focus will be on Delhaize Serbia, firstly, because it is, according to consultancy company Archicom, the largest supermarket operator in Serbia (2011), as confirmed by the most recent research by Cakic (2014) and Marinkovic (2014). The Delhaize Group notes that "[w]ith a total of 387 stores, Delhaize Group is the leading food retailer in Serbia" (2015, p.1). Delhaize Serbia retails through four different types of shop formats. The "Shop&Go" corner stores, "Maxi", large supermarkets inside metropolitan areas, "Tempo" - hypermarkets located on cities' outskirts and "Tempo Express", a chain of small discount stores (Ibid.).

| Delhaize Serbia's stores from December 31, 2014 | | | | |
|---|-----------|------|-------|---------------|
| Delhaize Serbia | Shop&Go | Maxi | Tempo | Tempo Express |
| Stores | 190 | 170 | 12 | 15 |
| Surface range (sq. m.) | up to 130 | 600 | 4400 | 780 |
| Number of products | 2600 | 6600 | 21300 | 4200 |

Table 26. Delhaize Serbia's different store formats (Delhaize Group 2015).



Map 6. Delhaize Serbia's national coverage (Delhaize Group 2015).



Graph 3. Delhaize Serbia's total number of employees (Delhaize Group 2015).

Even more importantly, Delhaize Serbia is the only company that trades with Fairtrade products, even though all other supermarket chains are potential Serbian Fairtrade traders³⁰. Therefore, my focus will be on its current Fairtrade strengths, weaknesses and finally, on its future potential.

8.2. The Role of Fairtrade Mainstreaming through Supermarkets in Serbia

Based on the theoretical and empirical analyses of supermarkets and Fairtrade mainstreaming presented in chapters II and VI (see pp.64-65 and 195-207), I will now present Delhaize Serbia's most important Fairtrade trading characteristics, using the data gathered through critical analysis of the literature and my fieldwork.

³⁰ Recently, in a few DIS' stores, a contingent of pineapples and bananas with Fairtrade mark was identified by Serbian Fairtrade campaigners from the Facebook group "Fairtrade Serbia". However, on the shelves they were not identified as Fairtrade, they were just a part of the regular offer of pineapples and bananas, and finally, they were gone just as they came. This was due to the fact that they were bought through category managers who did not identify them as Fairtrade, but as regular pineapples and bananas offered by wholesalers.

Delhaize Serbia is the Fairtrade pioneer in Serbia, since it introduced the first Fairtrade products in 2012 (Kosanovic 2013, interview) making Serbia one of the first countries from the producer-excluded group of upper-middle-income economies where Fairtrade products were sold. This change testifies to Delhaize Serbia's Fairtrade leadership, and challenges the already stated Becchetti and Huybrechts identification of supermarkets as Fairtrade "second movers" (2008). Although it is true that Fairtrade products only represent a small portion of Delhaize Serbia's assortment (Kosanovic 2013, interview), it is also true that it introduced Fairtrade products before the existence of any 100% Serbian Fair Trade company and without any pressure from Serbian Fairtrade campaigners.

A number of scholars have also identified supermarkets' involvement as, above all, commercial and far less ethically motivated (Smith 2010, Smith and Barrientos 2005 and Tallontire and Vorley 2005). Conversely, I will quote Kosanovic who, when asked about the current state of Fairtrade sales in Delhaize Serbia, started his response with "unfortunately", continuing "in Serbia we only have a few products on our shelves and sales started at the end of last year" (2013, interview 00:55). Given the fact that he was almost apologising because there are no more Fairtrade products, this certainly shows the commitment and the wish for them to be included on larger scale.

Furthermore, as already discussed in chapters II and III, supermarkets market themselves towards the above-stated three different groups of consumers, the "radical", "conscientious" and "do what I can" group (Alexander and Nicholls 2006). However, they must also show their shareholders and other stakeholders that their corporate social responsibility is sincere. In Serbia, this is the case, firstly, because Delhaize Serbia aims for a wider audience. The global Delhaize Group's 2020 sustainability strategy, which includes Fairtrade trading and which is followed by Delhaize Serbia, serves as a further catalyst for the Serbian branch's effort. This strategy was introduced, to a certain extent, in order to satisfy all

shareholders and show how Delhaize Group maintains the same high sustainability standards across borders. Although this strategy is a direction setter, Delhaize Serbia is not forced to meet the same deadlines and targets (Kosanovic 2013, interview). For this reason, the latter's Fairtrade pioneer work is even more praiseworthy.

In addition, in the UK, Nicholls and Opal understood that Tesco's participation, although often criticised as the least involved, can have a decisive effect on Fairtrade sales in the future, since it is the UK's largest grocery retailer (2005, pp.183-185). In Serbia, a corresponding situation prevails, in which Delhaize Serbia portrays itself as both the biggest and the most progressive supermarket chain and their current, and especially future involvement will be very important for Serbian Fairtrade development.

Finally, what is especially interesting in terms of Delhaize Serbia's relation to Fairtrade is, firstly, their readiness to work with future Fairtrade campaigners. "[W]hen it comes to social responsibility, we have a collaboration with external partners and regarding whether we would cooperate with Fairtrade, why not. If we were recognised by someone who wants to work together on this... There is no reason why we should not do it" (Kosanovic 2013, interview 50:50). Secondly, very important for their future development is their recognition of Fairtrade as one of the strongest labels. "[Fairtrade] ...is something that is definitely a part of the whole [sustainability] strategy, so the Fairtrade mark, for me, perhaps means more than these other purely biological or healthy eating marks" (Ibid. 47:24).

Now that the general characteristics of Delhaize Serbia as a Serbian Fairtrade trader have been outlined, I will now discuss its Fairtrade practices to look up to, as well as its anti-Fairtrade conducts following the analytical matrix presented in Chapter VI (see pp.200-207).

Supermarket Fairtrade Practices to Look Up To in Serbia

On the upside, in general, Fairtrade mainstreaming through supermarkets can boost consumers' spending per capita and Fairtrade annual growth, consequently positively influencing overall Fairtrade sales. Secondly, it is an excellent way to introduce Fairtrade to new consumers, and to educate them. Thirdly, it can lead to development of Fairtrade global relational value chains, and encourage cooperation between Fairtrade producers and traders, as well as with consumers. Moreover, it can clearly confirm that Fairtrade is a serious option for all mainstream food businesses, by showing that it is a concept widely accepted by consumers, who willingly agree to pay often more, recognising Fairtradeness as an additional product quality. In addition, with mainstreaming, Fairtrade can emerge from more than one niche and enter other sectors' mainstreams, most importantly the media, which, finally, leads to the possibility of building even more recognisable and influential Fairtrade brands. Based on my critical analysis and fieldwork, I will now analyse each positive result of Fairtrade mainstreaming through supermarkets, from Delhaize Serbia's perspective.

As already stated, Fairtrade mainstreaming through supermarkets potentially boosts Fairtrade annual growth and consumers' spending per capita, positively influencing overall Fairtrade sales. Delhaize Serbia started with two, continued with five and now has eight Fairtrade products on their shelves, which is about a half of all Fairtrade products available in Serbia, representing almost all Fairtrade food products in the Serbian market. In addition, the case of Fairtrade Kit Kat bar sales in Tempo is just what Wouters was referring to when saying that when "a brand that you really like... one day becomes Fairtrade, you continue to buy it" (2013, interview 15:36, audio 1). This is particularly true since they are not sold at price premium compared to their non-Fairtrade equivalents.

I will put forward two of their practices, as additionally beneficial for Fairtrade development. The first one is the general perspective explained by Kosanovic stating that for their consumers, there are no Fairtrade limits, since "...all products can be Fairtrade" (2013, interview 42:52). Secondly, they strongly support the development of Serbian Fairtrade production. Prompted as to how would they see Serbian Fairtrade fruit, vegetables, honey, herbal teas and wine, Kosanovic responded: "it would be interesting... to sell a local product, locally, from local producer who is Fairtrade... That would be more interesting [for us], then to start with a Belgian range that no one will recognize in the next ten years" (Ibid. 44:35).

The next advantage of Fairtrade mainstreaming is the fact that this approach can be an excellent way to introduce Fairtrade to new consumers and secondly, to educate them. Regarding Delhaize Serbia's consumer attracting and educating role, which is crucial in the early stages of any Fairtrade market development, firstly, there is a critique stated by Djuraskovic saying that Delhaize Serbia promotes Fairtrade to a lesser extent than himself. "I advertise [Fairtrade] more than Delhaize advertises Fairtrade, which is not normal" (2013, interview 47:21). "When you enter one of their supermarkets, you cannot separately see Fairtrade. It is not emphasised in any way" (Ibid. 48:03). However, this is actually a common practice in almost all supermarkets worldwide selling Fairtrade products, even in the UK, apart from Co-op.

However, Kosanovic's response to this critique shows a more complex picture. He sets out by stating that the Fairtrade education, so important for giving care a substance as explained in Chapter II (see p.86, and the section 2.3. Fairtrade System and Caring Across Spaces), begins before consumers enter the store. "When a consumer walks into a shop where does he look? Even if you write a huge poster that says "Buy Fairtrade, because of this and that", he will not read it. Many people do not read the in-store messages but just chase the lowest prices, and this is the fact from which we cannot escape. So the communication in the

store is something that is already a *fait accompli*. ...the communication has to happen outside the store. Before [a consumer enters] the store actually" (2013 interview 48:44). This assessment, one I share, underscores the significance of Fairtrade campaigners, to be discussed below.

Secondly, Delhaize Serbia trains its employees internally in order to familiarise them with the concept of Fairtrade. Dusanka Seslija, sustainability assistant at Delhaize Serbia, who has delivered some of these workshops, explains that "[t]hose 1,000 people [who attended the lectures] will certainly learn from us what Fairtrade is and maybe... [some] will like the story and will spread the word" (2013, interview 29:25). Therefore, Delhaize Serbia recognises the importance of education. However, the manner in which it should be conducted is different from the in-store tactics of some of the established Fairtrade traders, like Co-op.

Kosanovic and Seslija both offer further evidence of the way that Delhaize Serbia highly regards Fairtrade education. Firstly, when asked if the price of Fairtrade products, or Fairtrade education is the main issue, Seslija opted for the latter, as the vast majority of current Fairtrade consumers in Serbia purchase Fairtrade products not because of their Fairtrade status, but because of their other characteristics. She has offered an example of Fairtrade cereals. On my question whether for a majority of people these cereals are the same as any other, and therefore, people look for them either for the taste, or the price, or the chocolate toppings, not realising they are Fairtrade, she responded positively (2013, interview). Education is so important that actually, it is identified as one of the only two real issues hindering the future of Serbian Fairtrade growth (Kosanovic 2013, interview), the other being the question of the certainty of their continuous Fairtrade involvement, which will be discussed in the section on negative aspects of Fairtrade mainstreaming through supermarkets.

Finally, even current non-Fairtrade traders like Primanova, when asked whether they believe that certain categories of consumers will buy Fairtrade products if properly informed about Fairtrade said: "[y]es, certainly", adding "[b]ut you have to work on that" (Nikolic 2013b, interview 45:12).

Fairtrade mainstreaming through supermarkets can lead to the development of relational Fairtrade global value chains, and can subsequently encourage cooperation between Fairtrade producers, traders and consumers, leading to a true trading partnership based on dialogue, transparency and respect. Delhaize Serbia's current business model, even in their Fairtrade sector, is facing challenges in manifesting this advantage. Prompted directly whether they deal directly with producers in any of their Fairtrade global value chains, Kosanovic declined (2013, interview). He further explained that all of the company's Fairtrade products actually originate from what is called Fairtrade internal export, since they are all imported from Belgium (Ibid.).

Although the company, at present actually does not have many products suitable for direct trading with Fairtrade producers, it is important to point out that in the future, when they do introduce them, the prospective Serbian Fairtrade campaigners will have to advocate for the possibility of moving from one type of the global value chain to another, achieving more relational value chains. An obvious example of the future Fairtrade products, which could be easily supplied through relational value chains, are the ones from Serbia, especially due to the fact that the Fairtrade precondition of middlemen exclusion will be welcomed by supermarkets, since the entrance price is crucial for them (Nikolic 2013b, interview).

The next advantage of Fairtrade mainstreaming is its promise of confirming clearly that Fairtrade is a serious option for all mainstream food businesses due to its wide acceptance by consumers. In Serbia, this is again not straightforward as with some previous advantages. Firstly, it is too early for Fairtrade to position itself as a serious option for all

mainstream food businesses in Serbia. However, Delhaize Serbia's current work is certainly a step in that direction, especially due to their current Fairtrade practice identified by Djuraskovic, that its Fairtrade products are not only present in the biggest and the most equipped hypermarkets, but also in smaller shops as well (2013, interview). This also shows that Delhaize Serbia aims to introduce Fairtrade products to wider audience and not merely to Fairtrade radicals, or the wealthiest consumers.

With supermarket mainstreaming, Fairtrade can emerge from more than one niche and enter other sectors' mainstreams, most importantly, the media. Due to the market infancy, Serbia resembles Mexico in this respect, given the fact that Serbian Fairtrade campaigners do not currently have a chance to access mainstream media to promote Fairtrade independently, or by lobbying Delhaize Serbia to do so. However, there are already numerous campaigns in place which will be discussed below, as well as the already stated willingness of Delhaize Serbia to participate in future ones (Kosanovic 2013, interview). Upon request to elaborate how he envisions the future cooperation between Delhaize and Fairtrade campaigners, Kosanovic stated the following. "If we could organise volunteering and public lectures together, and if Delhaize would be able to present their [Fairtrade] products and to introduce what that actually means and why these products are different from others, why not. This may look like a Sisyphean task, but I think it would bring some results" (2013 interview 53:28).

Finally, Fairtrade mainstreaming through supermarkets can lead to the possibility of building even more recognisable and influential Fairtrade brands. Regarding this point, it is important to repeat the fact that already in the case of Fairtrade Kit Kat bars, Delhaize Serbia is selling them at the same price compare to their non-Fairtrade counterparts. Moreover, when asked about who would be their partners in the future general Fairtrade development, apart from the Fairtrade campaigners Kosanovic recognised "that the cooperation with other

retailers is crucial" (2013, interview 57:30). Although he recognised Idea as the other key player in Serbian market, he also believes that the entrance of international supermarkets like Lidl and Carrefour, who already have experience with Fairtrade, could be even more beneficial for the Serbian general Fairtrade development (2013, interview).

Anti-Fairtrade Supermarket Practices in Serbia

Apart from positive aspects, in a corresponding section of Chapter VI (see pp.204-207), I identified a number of negative potentials resulting from Fairtrade mainstreaming through supermarkets. There are again six main ones: circumvention of Fairtrade rules and regulations, final overpricing, cannibalisation of other Fairtrade traders' sales, silent de-listing, capturing the reputational gains and finally, increase in false confidence that Fairtrade is everywhere and with it connected fall in interest for Fairtrade campaigning.

Some of the negative aspects are already present in Serbia. Following the presentation of Delhaize Serbia's exemplar Fairtrade practices, I will now analyse the ones potentially hindering the future Serbian Fairtrade development. Before detailing each in turn, I will put forward the general issues of importance facing Delhaize Serbia's Fairtrade involvement so far.

The first Fairtrade product introduced to Serbian market was not launched because it was Fairtrade, but because it was organic (Kosanovic 2013, interview), seriously questioning Delhaize's initial motivation and early Fairtrade knowledge. Maybe even more worrisome is their current position regarding the future of Fairtrade sales. Prompted whether their wish is to develop the Fairtrade palette, because it is Fairtrade, or because it is a part of the broader sustainability package, Kosanovic gives an ambiguous answer.

"For now, I cannot say that this [(constant Delhaize Serbia's Fairtrade growth)] will be certain... introducing Fairtrade for Fairtrade's sake, I cannot say. But for the new Fairtrade products to come... there is a great possibility for that. Because a part of our strategy of sustainable, local, private brand is to increase the sales of all products that have any logo that consumers can recognise as sustainable. And, among others, there is Fairtrade. So they [(Fairtrade products)] will come this way for sure, but for us to stand for Fairtrade, as such, it is less certain" (2013, interview 07:07). In his sentence the whole critique of Fairtrade mainstreaming resonates, showing once again that the process is an ambiguous one.

I will now analyse in detail Delhaize's anti-Fairtrade mainstreaming practices by discussing, firstly, the circumvention of Fairtrade rules and regulations, which is common worldwide, not excluding the UK, as explained in Chapter VI. This issue in the case of Delhaize Serbia is intertwined with the practices of the global Delhaize Group, due to the fact that all Fairtrade products offered on Serbian shelves are imported from Belgium. However, with the potential growth of their Fairtrade offer, as well as the prospective inclusion of Fairtrade products from Serbia, both in noncontroversial secondary and controversial primary production, this question will become more pertinent. Again, it is up to Delhaize Serbia, encouraged by Serbian Fairtrade campaigners or on its own accord, to find the ways in which it can work fully in line with Fairtrade rules and regulations.

One of the ways of showing Fairtrade commitment in this sense is to transition internal supermarkets' outlet catering from conventional to Fairtrade. Asked whether such a step is currently being undertaken in Delhaize Serbia, Kosanovic responded negatively (2013, interview). His answer to my succeeding question about the future potential of introducing a coffee machine with Fairtrade coffee, for example, was more encouraging, however. "Absolutely, there's room for a deal and for coffee machines to have... Fairtrade coffee. Why

not. I see no problem with that. Except that currently it is not recognised as relevant. And it could be" (Ibid. 35:47).

The second major issue with Fairtrade mainstreaming through supermarkets is the question of final pricing. Even though it is true that supermarkets have to respect the Fairtrade minimum price, the Fairtrade rules and regulations do not prevent them from raising their margins, consequently increasing the final price as well, exploiting their Fairtrade consumers.

In Serbia, the troublesome situation with gross margins in conventional trade was already recognised as one of the main ways in which supermarkets often use their gatekeeper position. In this sense, the biggest Serbian food traders are no different than the ones around the world as theoretically illustrated in Chapter II (see pp.63-65 and the section on the global food system and its hourglass structure).

What is surprising is that in terms of their Fairtrade products, Delhaize Serbia has actually taken a rather different approach. To begin with, for Fairtrade Kit Kat bars, there is no price premium in comparison to the non-Fairtrade counterparts. Furthermore, all three Fairtrade teas are significantly cheaper than comparable, imported, non-bio, specialist brands like Milford or Teekanne. "For example, that [Fairtrade] bio green tea with lemon costs 165 dinars in Serbia and it costs less than some of the Milford or Teekanne [teas] that cost more than 200 RSD" (Kosanovic 2013, interview 09:45). Rooibos and Earl Grey teas are even cheaper. Other Fairtrade products are also comparable with their imported equivalents, or cheaper.

Seslija explains that through their internal seminars they are communicating that a Fairtrade product does not have to be more expensive (2013, interview) and Kosanovic goes even further in highlighting again the importance of education. "I think that if we put Fairtrade products with no margin at all, just to make them cheaper, this would not make any

difference whether people will buy it. They will buy it because it's cheaper and not because it says Fairtrade, which brings us back to education" (2013, interview 32:30).

The rationale behind these positions is, on the one hand, the Delhaize Group's general *modus operandi*, which aims toward greater sustainability, and Delhaize Serbia's corporate social responsibility practices, both intending to cut their margins on Fairtrade products. However, on the other hand, this is also induced by the supermarkets' price and gross margins distortions connected with their gatekeepers position. This in turn, led to the situation that non-Fairtrade products can be so expensive, that Fairtrade products actually become cheap, especially due to the infancy of the Serbian Fairtrade market. What is finally important to state is that both Kosanovic from Delhaize, but also Nikolic from Primanova, said that their future stronger or initial Fairtrade involvement heavily depends on their commercial validity (Kosanovic 2013, interview and Nikolic 2013b, interview).

Thirdly, supermarkets' own-label Fairtrade products are at risk of cannibalising those of other Fairtrader traders. Due to the infancy of the Fairtrade market in Serbia, this issue has not been recognised. Nevertheless, there are bases for Fairtrade optimism, especially when Kosanovic answered in the affirmative my question about the possibilities for products from other, even 100% Fair Trade companies to hit their shelves (2013, interview).

Moreover, the next issue Fairtrade supporters identify as problematic is silent de-listing. In the case of Delhaize Serbia, the vulnerability of the Fairtrade sales is evident when the following data is put forward. As already stated, even the smallest store format has 5,000 articles and in total there are only 8 Fairtrade products, hence, it can be said that once de-listed, apart from Serbian Fairtrade campaigners, no one else will even see that they are gone. Furthermore, in response to my direct question about the share of Fairtrade products in the whole Delhaize Serbia's sales, Kosanovic stated that it is "a very small part" (Kosanovic 2013, interview 06:23), certainly representing less than 1‰ of their sales.

However, when I challenged him by stating that then Fairtrade sales in Delhaize Serbia might justifiably be called insignificant, Kosanovic disagreed, noting that their sales, although small are going well (2013, interview). Even though it is true that supermarkets look to one another in conducting anti-Fairtrade practices, it is also true that if one exhibits Fairtrade developments, the others will follow, as already stated above. This position is further strengthened by Kosanovic, who stated that Delhaize is using the fact that it is the biggest retailer on the market and that others can look up to it in order to continue its pioneering work (Ibid.). Finally, thus far, the company has not de-listed any of its Fairtrade products, although due to the fact that they sell half of all Serbian Fairtrade products, such practices could spell severe implications for Serbian Fairtrade trading and consumption.

The penultimate problem directly connected with Fairtrade mainstreaming through supermarkets is the ability of supermarkets to capture all the reputational gains by selling other Fairtrade producers' and traders' products as their own Fairtrade brands (Poos 2013, interview). In Serbia, this will increasingly become an issue, if the current practice of internal Fairtrade exports from Belgium continues. According to Kosanovic, this is Delhaize Serbia's intention for the company's future Fairtrade development (2013, interview).

Finally, as already explained, Fairtrade mainstreaming through supermarkets may lead to an increase in false confidence that Fairtrade is everywhere, and that this might entail a decline in Fairtrade campaigning. At present, however, Fairtrade interest, which concerns both Fairtrade traders and campaigners most, is currently on the rise.

Delhaize's Fairtradeness

Chapter VI found that not all supermarkets are the same regarding their Fairtradeness. As Fairtrade is not part of their *raison d'être*, I concluded in the same chapter that mainstream

supermarkets can never have the highest Fairtradeness. Nevertheless, they can still aspire to high Fairtradeness, like the most persistent Fairtrade trader among supermarkets, Co-op.

When held to this standard, Delhaize Serbia has not yet fully exploited its potential. However, there is a room for optimism for Fairtrade campaigners, as the company exhibits some of good general characteristics, as well as employing positive practices. Above all, Delhaize Serbia sees itself as a Serbian Fairtrade pioneer and aims to continue to have this position in the future (Kosanovic 2013, interview).

That being said, currently, Delhaize Serbia's Fairtrade sales are less than 1% of total revenue, gravitating around only eight Fairtrade products, without a single complete product category switch, and without a clear Fairtrade future strategy, and therefore, it does not have high Fairtradeness. On the other hand, the company has pioneered and raised the profile of Fairtrade in Serbia with no external pressure, and its commitment has not deteriorated, hence, it does not have low Fairtradeness either. Therefore, its current Fairtradeness could rightly be described as average, with a potential to go both up and down.

8.3. Current and Future Fairtrade Consumers and Campaigners in Serbia

Serbian Fairtrade Consumers are the final part of the Serbian Fairtrade system and Fairtrade value chains, and the third Fairtrade referent object to be analysed from the Serbian perspective. This discussion will focus on the ones with the highest Fairtradeness, i.e., the first Serbian Fairtrade campaigners, viewed through the prism of the last lesson on Fairtrade campaigning drawn from the UK case study.

These two topics will be discussed jointly due to the fact that, firstly, Fairtrade campaigners comprise a large part of radical Fairtrade consumers worldwide, and secondly, since in many, now developed Fairtrade markets, the first Fairtrade consumers were, at the

same time, the first Fairtrade campaigners (Alexander and Nicholls 2006). This trend continues in Serbia, where the first Serbian Fairtrade consumers and campaigners are often depicted in the same person (Djuraskovic 2013, interview and Jovanic 2013, interview).

In Serbia, a majority of food consumers share the post-crises destiny of numerous Serbian food producers and traders. "From 2009, the negative trend can be truly felt... An average consumer looks only not to be hungry, and [he does] not [seek] to have a healthy, organic [diet]... So, using less money, he literally tries to provide for himself and his family a meal where everyone will be fed. He does not look for it to be diverse at all. He prefers to buy spaghetti, because that will certainly make them nourished, rather than spending the same amount of money on buying meat or vegetables, simply because... they look to buy as much products for less money. The crisis really took its toll" (Vida, Opalic and Begenisic 2013, interview 25:27). The situation which describes the general situation in the country is the same in South Serbia, where Nikolic stated that since they opened the first hypermarket in Leskovac, they can compare the pre- and post-2009 data and they can observe "how big the negative changes are" (2013b, interview 07:35).

From 2011 to 2012 alone (which were seen as the years of the recovery globally), the purchasing power in Serbia fell by 30 percent (Tanjug 2012). This lead to the situation that average daily food expenses are RSD270 (\$2.51, €2.25, £1.63), according to Vojislav Stankovic at the Serbian Chamber of Commerce, and further increases in food prices "will lead consumers to the brink of survival" (Tanjug 2012). "The social picture is even worse if we take into account the high unemployment rate that has exceeded 25 percent, low pensions, and also the delays in payments of employees' salaries" (Ibid.). Consequently, the general standard of citizens of Serbia as food consumers is low (Bogdanov 2013, interview), and the same situation can be observed in Jablanica and Pcinja districts (Nikolic 2013b interview and Murati 2013, interview, for example).

In many markets around the world, this might represent a major drawback for the development of Fairtrade sales, but in Serbia this is not necessarily the case, for two reasons. Firstly, Fairtrade products are not necessarily more expensive than their non-Fairtrade counterparts, although that does not quite make them the cheapest items in the same product categories either. Domestic products can be several times cheaper (although it is also fair to say that, at the moment, there are no domestic, Serbian Fairtrade products). Secondly, due to the already stated Kosanovic (2013, interview) and Seslija (2013, interview) highlight that price is not the primary driver of Fairtrade sales. Despite immediate and serious challenges due to the overall economic situation in Serbia, which no research interested in consumption choices could escape, a rising Serbian Fairtrade consumer base is clearly identifiable, to be discussed next.

8.4. Fairtrade Consumers in Serbia

Chapter III has largely agreed with Hayes' point of view of Fairtrade consumers, seeing them as the ones who support Fairtrade by "purchase, investment, donation or activism" (2006, p.449). However, I informed this position by identifying four different categories of Fairtrade consumers, ranging from radical Fairtraders to prospective ones as discussed in Chapter VI. In Serbia, their role is also recognised as one of the most important for the future development of Serbian Fairtrade. This poses no dilemma to Jovanic, who identified the most significant Fairtrade stakeholders, crucial for development of Fairtrade in Serbia as "[n]umber one, consumers" (2013, interview 08:20, audio 5).

Following the matrix established in Chapter VI (see p.209), I will now deal with the question what an average Serbian Fairtrade consumer looks like and how different s/he is from what I identified as the average global/UK Fairtrade consumer. I will base my findings

on numerous interviews (Djuraskovic 2013, interview, Jovanic 2013, interview, Kosanovic 2013, interview, Seslija 2013, interview, Pauwels 2013, interview, Veillard 2013, interview, Wouters 2013, interview, McGechie 2013, interview, Bentley 2013, interview and many others).

To begin with, a global Fairtrade consumer is motivated by ethical factors (Pauwels 2013, interview, McGechie 2013, interview and Bentley 2013, interview), shows solidarity with the ones who are poor and marginalised (Veillard 2013, interview and McGechie 2013, interview) and is concerned about the future of the world (Fairtrade Supporter Conferences 2013, 2012 and 2011). In particular, regarding the widening gap between rich and poor, and whether small decisions, like buying Fairtrade products can enact change (Wouters 2013, interview and Fairtrade Supporter Conferences 2013, 2012 and 2011).

In Serbia, ethical factors both benefit and hinder the development of Fairtrade consumption. Based on the Focus Balkans research (2012), Stojanovic explains that their findings are the following. "[E]thical principles are not recognised at all. They are on the bottom of the list. That tells you enough about how much our consumer, not only in Serbia, but also in the Western Balkans is ready to use this type of label when deciding to buy" (2013c, interview 33:45).

However, this in itself does not disqualify Serbian consumers' ethical motivations for their purchases. Rather, it merely illustrates that they do not comprehend the availability of ethical labels. Kosanovic (2013, interview) and Seslija (2013, interview) agree, noting that an average consumer does not recognise an ethical label like Fairtrade at all. Vida, Opalic and Begenisic confirm that even if an average Serbian consumer examines declarations on a product, s/he would only be interested in the "best before" date (2013, interview). Vera Vida said that even this sporadic and often insufficient interest is something that, just a few years ago, did not exist at all. She contends that consumer organisation partially succeeded in

educating consumers about the importance of looking at the declarations (2013, interview). Together with Fairtrade campaigners, they can continue educating the general public and move on to labels in general and the Fairtrade mark in particular in the future, which will be discussed below.

On the other hand, firstly, the Centre for Development of Jablanica and Pcinja Districts has recognised that recent consumer interest in labelled products, is on the rise in Serbia (CDJPD 2013). Furthermore, when asked about the potential for Fairtrade consumers, especially among certain categories of their customers, Nikolic affirmed "Yes, certainly. But you have to work on it. People need to be presented with the advantages" (2013b, interview 45:13).

Kosanovic sees future consumers' involvement in Fairtrade on an even broader scale. He notes that since Serbia is an underdeveloped country, many people might be able to identify with the struggle of Fairtrade producers (2013, interview). Bogdanov qualifies this opinion, adding that these poor and marginalised producers have to, firstly come from Serbia (2013, interview). On my direct question if consumers would then be sensitised on these products, she responded that they would (Ibid.).

Jovanic states that the 1990s trauma of waiting in line for bread and milk is a factor which can cause Serbian consumers to ask themselves how can they help someone if they themselves are jeopardised, i.e. how s/he could be the same Fairtrade consumer as, for example, Swiss individual with a twenty-fold income (2013, interview). The current existence of social enterprises delivering organic food to home addresses, with regular customers, is also interesting for future Fairtrade consumption (Stojanovic 2013c, interview), and supports Bogdanov's claim. Therefore, there are already consumers who are buying both non-Fairtrade social enterprises' and Fairtrade products due to their ethical and moral worldviews.

Demographic data on Serbian consumers, as it relates to the second, third and fourth characteristics, currently remains inconclusive. However, some general trends are already visible. To begin with, women and men are equally part of the Fairtrade Serbia Facebook group. The main administrators of the group, as well as those activists which could be considered the founders and initiators of Fairtrade in Serbia are similarly both women and men (Djuraskovic 2013, interview, Jovanic 2013, interview and Kosanovic 2013, interview). Secondly, the group tends towards the younger and middle-aged population. Due to the lack of Fairtrade education, especially in elementary and high schools, children in Serbia are not recognised as a separate Fairtrade consumer group. In this respect, Serbia differs from developed Fairtrade markets. Finally, regarding the educational levels of Fairtrade consumers in Serbia, the data is not conclusive, but individuals with higher educational attainment are the ones who are currently the most interested in the future of Fairtrade in Serbia (Djuraskovic 2013, interview, Jovanic 2013, interview and Kosanovic 2013, interview), although, that can be changed with the growth of the movement.

Finally, in terms of income, a significant minority of 1990s/pre-crises middle-class consumers persists. Some are, indeed, far better-off, particularly in the capital, Belgrade, but also in regional city centres, not excluding South Serbia's Leskovac or Vranje, who are the first targets for Fairtrade sales. I will put forward three examples to support this position in regard to general food consumption.

Firstly, Delhaize Serbia offers a whole range of the high quality/high price products which are recording a steady growth in sales (Kosanovic 2013, interview). In addition, consumers in Serbia are buying more and more organic food products, which always come with a price premium of up to 300 percent (Fotiric Aksic 2013, interview). Finally, Nikolic, senior manager at Primanova states that the well-off consumers are one of the reasons why they have a palette of 15,000 different products (2013b, interview). Therefore, it can be

concluded that a number of Serbian consumers remain more than capable to freely express their shopping preferences, in spite of the crises.

In terms of their potential to be Fairtrade consumers as well, there is, firstly, the higher possibility for them to be willing to educate themselves and start buying Fairtrade. Jovanic states that in Belgrade, there are more than enough current, but especially prospective middle-class and well-off Fairtrade consumers. In her opinion, there are people who are well-off and who are at the higher level of consciousness (2013, interview), adding that in order for them to be further included, an educational campaign should be conducted and the marketing of the Fairtrade products will be very important (Ibid.).

Finally, although my empirical findings regarding average global and Serbian Fairtrade consumer are analytically useful and today, one of the most up-to-date (and in the Serbian case the only one), this analytical unit in itself masks the difference between groups of Fairtrade consumers according to their Fairtradeness, equally important for illuminating the current and future development of Fairtrade in Serbia.

Again, as in the corresponding section in Chapter VI, I will present the fourfold classification of the most important groups of Fairtrade consumers in regard to their Fairtrade consumption, now from the Serbian perspective. Before I continue, it is important to remember that, unlike, for example, in the UK, where a vast majority of consumers recognise and trust the Fairtrade Mark (Fairtrade International 2013a), the situation in Serbia regarding both is still on the most elementary level (Kosanovic 2013, interview). This is important to point out, in order to state, right from the start, that any type of conclusive discussion about these groups and especially the percentage ratio of their members in the Serbian context, is impossible at present. However, as with some of the other previously analysed points, the general trends are already identifiable and given the fact that this is the first comprehensive

academic study of Fairtrade in Serbia, these points should be seen as the base for an initial understandings and future research.

I will again start with the strongest supporters of Fairtrade, the radical Fairtraders. These consumers can be found in all emerging Fairtrade markets and currently, they constitute the base of informed Fairtrade purchases in Serbia as well (Djuraskovic 2013, interview and Jovanic 2013, interview). Djuraskovic nicely summarised the identity of, above all, the group of the current and future Serbian radical Fairtrade consumers, when he remarked that today, good people around the world strongly promote Fairtrade and that our society in general and many people in particular belong to that part of humanity (2013, interview).

Therefore, the radical Fairtrade consumers, who coincide most often with Fairtrade campaigners, are already present in Serbia. Other sustainable development-related labels are experiencing a similar increase in sales, sustaining their morale. Kosanovic states that "definitely, the whole gamut of sustainable products makes a certain part of our product range, which is not insignificant.. since this is now recognised as a priority, it will be monitored and it will grow" (2013, interview 26:40).

The second group of Fairtrade consumers are conscientious Fairtraders. Nikolic unreservedly recognised this consumer segment as capable of becoming Fairtrade consumers. "Consumers who have higher purchasing power select products of higher quality, and we also have this target group... [For those consumers], it is somehow easier to opt for a new product [(due to being well-off)], which is very important. They are usually open to suggestions... They can easily opt for the purchase, as opposed to others who come for specific products and for whom there is no spontaneity" (2013b, interview 26:42). She continues by stating that a high quality Fairtrade product, with "an explanation in a nice package results in a good sale" (Ibid. 45:27).

The final group of Fairtrade consumers identified are the do-what-I-cans. Work on the inclusion of this group of Fairtrade consumers is evident in Serbia as well. Firstly, Delhaize Serbia's current Fairtrade strategy, identified by Djuraskovic, is to place their Fairtrade products not only in the biggest and the most equipped hypermarkets, but also in smaller ones (2013, interview). This also shows that Delhaize Serbia aims to introduce Fairtrade products to a wider audience, and not only to Fairtrade radicals or the wealthiest, conscientious Fairtrade consumers.

Secondly, Kit-Kat Fairtrade bars are bought predominantly by consumers who do not know anything about Fairtrade, but just like the bar. Although, this is a nightmare scenario for a number of Fairtrade radicals, this simultaneously implies a bias in favour of an already developed Fairtrade market. In an embryonic Fairtrade market like the one in Serbia, the mainstreaming and the share availability of Fairtrade products, ought to progress in step with consumer awareness in order to achieve sustainable sales levels.

For this reason, Fairtrade radicals in Serbia do not frown on anyone who buys Fairtrade products. On the contrary, when they see anyone buying them, or when offering someone Fairtrade tea, they consider this as an opportunity for Fairtrade education. Djuraskovic, who always has Fairtrade products in his office, which he offers to people with whom he has meetings, is certainly the standard-bearer of this approach.

Finally, given the fact that, as Kosanovic (2013, interview) and Seslija (2013, interview) stated, an average consumer does not recognise a Fairtrade label, the majority of Fairtrade consumers currently in Serbia are the ones who are not buying Fairtrade products because they are Fairtrade, but for other reasons. Although this is not an issue from utilitarian perspective, it is from an ethical one, which is my starting point as explained in chapters II and III, and this awareness in Serbia is crucial to the future of Fairtrade in Serbia.

Following the presentation of all three groups of Fairtrade consumers, I will conclude by introducing the final group, the potential Fairtrade consumers, and their rationale why they are not buying Fairtrade products at the moment. Regarding the situation in Serbia, I will begin by putting forward an interesting point from Kosanovic, who contended that, in Serbia, consumers will not have a problem if all the products were labelled Fairtrade (2013, interview). His optimism probably arises from the infancy of the Serbian Fairtrade market, and from the fact that consumers have yet to learn how to support Fairtrade before it could be opposed. However, there are already ways in which the already-presented four subgroups could be prevented from emerging (see pp.211-212).

Firstly, it is true that Serbian consumers prefer domestic products, for two reasons. They have more trust in them (Bogdanov 2013, interview), and they are most often cheaper than their imported counterparts (Vida 2013, interview). The most obvious solution to this would be to include Fairtrade products from Serbia coming from both primary and secondary production. If this occurs, other challenges mentioned before would be pre-empted as well. Bogdanov clearly states: "Just try to put forward... Fairtrade trade [(as the one between the global North and South)]... You will only enrage him [(an average Serbian consumer)]. It will come to: why I'm helping Africans, South Americans... Where are my [producers]?" (2013, interview 55:02). However, when asked the same question when Fairtrade producers from Serbia are factored in, she responded that this would then pose no problem at all (Ibid.). In this way both the local supporting views and "what is there for me" points would be satisfied, and the route for truly global Fairtrade consumption open.

In addition, all Fairtrade products from Serbia in primary production that I have analysed, especially the fruits and vegetables at the centre of my research, are part of the healthy eating category, hence, this issue would be prevented as well. Moreover, since they

can be sourced locally, the air miles would not be an issue either. Finally, the fact that most of the products are potentially organic presents consumers with an additional bonus.

8.5. Fairtrade Campaigning in Serbia

Following the general presentation of Fairtrade consumers, in the rest of this section, I will focus on the ones with the highest Fairtradeness, i.e. Fairtrade campaigners. Fairtrade International's rules, regulations and standards state that whenever a country does not have a national Fairtrade organisation or a Fairtrade marketing organisation, which is the case in Serbia, then the promotion of Fairtrade is the responsibility of the local pro-Fairtrade non-governmental organisations and informal grassroots groups and movements (Fairtrade International and WFTO 2011, p.1). Therefore, the final section centres on what Bentley identified as a "crucial part" of the Fairtrade system (2013, interview), now from the Serbian perspective.

The historical and contemporary global significance and successes of Fairtrade campaigners were presented in the corresponding section in Chapter VI (see pp.213-221). They are suitably summarised by Doherty and his colleagues who have pointed out that they have already achieved many of their promises, globally speaking (2013, p.178). By comparison, a small number of Fairtrade campaigners from the public, private and educational sectors are currently present in Serbia (Djuraskovic 2013, interview, Jovanic 2013, interview and Kosanovic 2013, interview). Furthermore, two NGOs have helped raise the profile of Fairtrade in Serbia. Atina, an organisation combating human trafficking, which organised the first Fairtrade tea parties, and a small Fairtrade supporting and campaigning developmental NGO, the Balkan Centre for Development Studies. Together, they represent the proto-Fairtrade campaigning in Serbia. Their initial Fairtrade activities and successes are

modest, but comparable with the ones achieved during the initial steps made by the above-stated UK Fairtrade campaigners.

Fairtrade Education

Above all, Serbian Fairtrade campaigners follow the lead of their more experienced counterparts in the UK, prioritising education of the general public about Fairtrade. I have already discussed this above, and will now go into greater detail, with examples of their practical achievements. Nikolic immediately identifies the overall lack of awareness about sustainable development in general and Fairtrade in particular, stating that there is no education about it, that now something is being taught in schools, but that older generations have a different mindset (2013b, interview). Jovanic stated that for the next phase of Fairtrade development to occur and to involve more Fairtrade consumers, which are, according to her, the most important stakeholders, an educational campaign has to be conducted (2013, interview).

In line with this point are both Kosanovic and Seslija. As already discussed, when asked if the price of Fairtrade products, or Fairtrade education is the main issue, they stated the latter. In addition, Kosanovic identified stronger Fairtrade education as one of only two real issues which can hinder the future of Serbian Fairtrade growth (2013, interview) also stating that the education has to happen before consumers enter the shop (Ibid.).

Serbian Fairtrade campaigners are currently achieving this most important goal, firstly, through social media, particularly through the Facebook group "Fairtrade Serbia", whose membership has grown to around five hundred members. It is now used as the gathering and information sharing hub.

Furthermore, the education is conducted through public lecturers, and I personally had the opportunity to deliver, together with Mitar Djuraskovic, Serbian national anti-trafficking coordinator, the first public lecture on Fairtrade in Serbia, which was organised by the Balkan Centre for Development Studies, the Serbian Ministry of Interior and the American Corner in September 2012. Moreover, I lectured at the *Social Dimensions of Human Trafficking in the Western Balkans* summer school on "Fairtrade in the Balkans" in 2012, organised by German development agencies GIZ and DAAD, Serbian Ministry of Interior and the Faculty of Law at the University of Belgrade.

In addition, Delhaize Serbia conducts internal Fairtrade trainings, opening the possibility for some of the participants to be inspired and to take action (Seslija 2013, interview). Finally, there are NGO Atina's traditional Fairtrade tea parties, which are the main way Fairtrade Fortnights and Global Fair Trade Days are celebrated in Serbia, and the general public further involved and educated.

Fairtrade Campaigning and Mainstreaming Through Supermarkets

The constant growth of a number of Fairtrade products which are offered in Serbia, especially as a part of Fairtrade mainstreaming through supermarkets also leads to the situation in which more and more consumers are exposed to, and able to learn about Fairtrade through their everyday shopping. However, as already explained above, this process is not without challenges. There are three potential points of contention between Serbian supermarkets selling Fairtrade products vis-a-vis Serbian Fairtrade campaigners.

The first one is the issue of Fairtrade global value chains through which the Fairtrade products come to Serbia. Around the world, Fairtrade campaigners are an important practical force behind the theoretical assumptions that the Fairtrade global value chains can change

and transform from one type to another, i.e. from captive to relational, for example. Therefore, Fairtrade campaigning is an important factor in achieving this goal. In the case of Fairtrade mainstreaming through supermarkets, particularly important are their efforts to help the development of the relational Fairtrade global value chains two and three as thoroughly discussed above.

At present, Delhaize Serbia does not have many products which could be suitable for direct trading with Fairtrade producers, because it imports all of their Fairtrade products from Belgium. When the company does introduce them, Serbian Fairtrade campaigners will have to advocate for achieving a more relational value chain governance. An obvious example of future Fairtrade products, which could be easily supplied through these value chains, are the ones from Serbia. Finally, the current situation does not preclude Serbian Fairtrade campaigners from immediately raising the question why Delhaize Serbia is merely importing Fairtrade products, as a part of the Delhaize Group's global agenda, and instead begins to develop their own Fairtrade supply chains, through which they can show how they treat Fairtrade products.

The second issue that will have to be tackled by Fairtrade campaigners in Serbia is the development of long-term trade relations, which is the essence of Fairtrade, and which are currently not obligatory for big supermarkets in the majority of their product categories. In the case of Delhaize Serbia, this is intertwined with its membership in the global Delhaize Group. However, with the potential growth of their Fairtrade offer, as well as the prospective inclusion of Fairtrade products both from primary and secondary production in Serbia, this question will be more and more important. Again, it is up to Delhaize Serbia alone, or through encouragement by Serbian Fairtrade campaigners, to find the ways in which it can work fully in line with Fairtrade rules and regulations, offering long-term contracts, which are the precondition for any production stability.

Finally, there is the issue of silent de-listing of Fairtrade products. Kosanovic's position that Delhaize Serbia sees itself as a Serbian Fairtrade trade pioneer (2013, interview), is evidenced by the fact that they did not de-list any of their Fairtrade products so far and their plans to introduce many more are the reasons for Fairtrade optimism. However, they are not excuses for Serbian Fairtrade campaigners to stop monitoring. Given the infancy of the Serbian Fairtrade market, any setbacks can be far more damaging in Serbia than for a more developed Fairtrade market, such is the one in the UK, for example.

Although a future confrontation between Delhaize Serbia and Serbian Fairtrade campaigners are probably inevitable, their joint activities are crucial for Fairtrade to develop and thrive in Serbia. Unlike in many other parts of the world, for example in Mexico, where Fairtrade mainstreaming is not present precisely because the confrontation has overpowered the cooperation, in Serbia the situation is already different.

Firstly, it is important to repeat that Delhaize Serbia introduced Fairtrade products before the existence of any 100% Serbian Fair Trade company and without any pressure from Serbian Fairtrade campaigners. Secondly, Delhaize Serbia is ready to work with Fairtrade campaigners (Kosanovic 2013, interview). Assessing future cooperation between Delhaize Serbia and Fairtrade campaigners, Kosanovic stated that he is looking forward to organising joint volunteering and public lectures, since they will increase Fairtrade education and sales and he, as well as Fairtrade campaigners like Djuraskovic, thinks it would bring results (Kosanovic 2013 interview and Djuraskovic 2013, interview).

In addition, it is important to point out that Delhaize Serbia will aim to cooperate with other supermarkets on Fairtrade development, since, as Kosanovic stated, this cooperation is crucial (2013, interview). All of this is done in order to achieve the following overall Fairtrade developmental goal which is shared in Serbia by both Fairtrade campaigners and the supermarket selling Fairtrade products, clearly defined by Kosanovic: "We will have to

accelerate the maturing of [Serbian] society and to work in order for society to realise more quickly why it is better to buy sustainable products" (2013, interview 54:14).

Supermarkets are not the only avenues of mainstreaming and as I have already stated, the future involvement of other prospective Serbian Fairtrade traders, and especially food manufacturers and processors, heavily depends on Fairtrade campaigners and their ability to raise the question why they are not producing Fairtrade products as secondary producers (Djuraskovic 2013, interview and Jovanic 2013, interview).

Their current campaigning results regarding this matter are weak as Djuraskovic explains: "Here, only two companies import cocoa. Import is from the Ivory Coast, which is problematic and from Indonesia. This could be [Fairtrade] certified" (2013 interview 57:17). When I asked him how did they react to his question whether their cocoa is a product of slave labour, he responded. "They said it isn't, or we do not know, or we will ask suppliers, and so on" (Ibid. 58:19). I continued asking if they were concerned at all, especially since he is the national anti-trafficking coordinator, and he replied "they did not seem concerned at all. They said that they are importing from Switzerland [(not revealing the production country)]" (Ibid.58:27).

The same scenario played out when he asked a company about its cotton sourcing. The company referred him from one place to another and did ultimately not respond (Ibid.). This is now unthinkable in countries like the UK, however, in Serbia it is currently common practice. With the stronger involvement of Fairtrade campaigners, the same changes that happened in the UK can happen in Serbia as well. Djuraskovic shares this optimism when he advocates food manufacturers certifying some of their products as Fairtrade (Ibid.).

Finally, one of the greatest achievements of Serbian Fairtrade campaigners, which came even before comparable successes in the UK, is the fact that the former Prime Minister of Serbia, Ivica Dacic, publicly recognised Fairtrade products as ethically produced and

forced-labour-free products, during the celebration of the International day against human trafficking in 2012.

Other Serbian Fairtrade Campaigning Channels

The above-stated accomplishments are the achievement of Serbian proto-Fairtrade campaigners. Currently, this is the dominant campaigning channel, due to the fact that other channels, present in the UK for example, do not exist in Serbia.

As already explained in Chapter VI, the second big Fairtrade campaigning channel is the one consisting of Fairtrade universities, colleges and schools. Although very important in the UK setting, this is of lesser importance for the current Fairtrade campaigning context in Serbia, due to the fact that there are no Serbian Fairtrade universities, colleges or schools. While this is also the case with the following two groups which will be presented next, this channel is the one which can be formed most easily in Serbia in future, far ahead Fairtrade towns and Fairtrade faith groups.

The issue with the Fairtrade towns campaign is the current phase of Serbian Fairtrade development and the differences between, for example, the UK and Serbia. That being said, it is also important to point out that Fairtrade towns are now a global phenomenon. They are present in 23 countries, predominantly in the Global North (Taplin 2009). Hence, there is certainly a potential for future development in Serbia as well.

Regarding the next campaigning channel that most Fair Trade academics begin their analysis with - the Fairtrade faith groups, in my doctoral research, it is hardly treated at all, because the Serbian Orthodox Church, as the dominant confession in Serbia, is very rarely connected with any commercial activity, which does not immediately facilitate religious practices or management of its assets.

Regarding coverage, Serbian Fairtrade campaigners presently have little access to mass media and therefore promote Fairtrade either by themselves, or by pushing other Fairtrade traders, like Delhaize Serbia to do so. This presents a very serious obstacle, as this campaigning channel is crucial for any future mainstreaming. Vida, Opalic and Begenisic explain: "[T]he media is the main source of information, especially in Serbia. Whether information is accurate or inaccurate. A consumer will hardly inform himself, on his own, about his rights, or God forbid, to read the law, but he will hear... in press, on TV, on radio" (2013, interview 09:13).

Finally, consumer organisations could take on a role in Fairtrade campaigning, due to Serbian Fairtrade market infancy. Marija Vida, Ana Opalic, Ana Begenisic, advisors and consultants in the already mentioned Consumer Centre of Serbia state the following. "[T]he awareness that you, as a consumer, have some sort of protection is a new idea in our society. But it certainly grows... [Hence, consumers] will be more and more aware of their rights and how to achieve them" (Ibid., 04:22). The three of them can already see that this is taking place. The Consumer Centre of Serbia runs a counselling office, and there is "a tendency that more and more people are calling in order to exercise their rights, if they believe they were deceived " (Ibid. 04:12).

Hence, consumer organisations are truly some of the first and often the only places to turn to. However, there are inherent issues with them as well. The consumer organisations, or at least, some of the best among them, like the Consumer Centre of Serbia, have the ability to self-reflect and critically evaluate their current situation, by realising that they are relatively new, that they still only have a counselling role, and that they still have to learn how to lobby (Vida, Opalic and Begenisic 2013, interview).

As the general future development direction, I will first quote Jovanic, who is also a member of the group officially working on changes of the current Consumer Protection Act,

who stated the following: "You cannot do it overnight. There has to be a transitional period" (2013, interview 10:24, audio 6). In addition, what is especially important for Fairtrade is what Vida has said, stating that even these sporadic and often insufficient developments are something which, just a few years ago did not exist at all (2013, interview). Hence, these organisations, together with Fairtrade campaigners can move consumers' attention to ethical labels and finally, to the Fairtrade mark in the future.

8.6. Serbian National Fairtrade-like System

The preceding sections drew four lessons on producers, highlighting poor and marginalised small-scale ones, traders, accentuating supermarkets, and consumers, together with campaigners in the Fairtrade system, and related them to prospective Serbian Fairtrade production, and current and future Serbian Fairtrade trade and consumption. In the final section of this chapter, I will widen the debate about the future of the Serbian Fairtrade system in order to encompass the possibility for developing a national Fairtrade-like system, envisaged as an interconnection of Serbian Fairtrade producers, traders and consumers.

Before I continue, it is important to point out that this part of my thesis will be the most speculative, the reasons for which are straightforward. At the moment, Serbian Fairtrade producers are not allowed to enter based on current Fairtrade standards, the Serbian Fairtrade traders and consumers are just emerging, and the Serbian Fairtrade campaigners have not founded a national Fairtrade organisation yet. As a consequence, no Serbian national Fairtrade-like system worth the title exists at present. Not only that, but even in a Fairtrade system where there are institutional bases for its development, as in Mexico, this has not yet occurred. However, there are calls for its development in Serbia, rationales why it is important and understandings how one element of the system can positively enhance the

growth of others, all leading to the intention of creating a system which is greater than the sum of its parts (Djuraskovic 2013, interview and Jovanic 2013, interview). Therefore, this will be the topic of discussions to follow below.

My thesis is the first that aims to marshal the evidence for the possibility of incorporating one of the countries from the group of the producer-excluded upper-middle-income economies into the Fairtrade system on both sides of the commodity exchange relation, and consequently, the possibility of creating a national Fairtrade-like system in these countries. In terms of the Fair Trade literature, this is the third gap I have identified - the lack of research about the topic itself, but also about the possible positive influences of one part's development to another.

Therefore, by focusing on possibilities for developing a Serbian national Fairtrade-like system I will answer my third attendant research question - "To what extent it is possible to establish a national Fairtrade-like system in Serbia and in that case, is the whole greater than the sum of its parts?" and consequently, the final part of my underlying research question, holistically looking on the potentials for Serbian Fairtrade production, trade and consumption.

National Fairtrade-like System and Prospective Serbian Fairtrade Producers

The national Fairtrade-like system has the same *raison d'être* as the global Fairtrade system, on the national level. However, Fairtrade International's current complete focus on Fairtrade producers from the Global South, almost complete focus on Fairtrade traders and consumers in the Global North and the unsupportive attitude towards the creation of national Fairtrade-like systems is keeping all countries, but especially the upper-middle-income

economies, both producer-included and producer-excluded, from greater integration in the Fairtrade system.

A number of Fair Trade researchers have acknowledged aspects of this problem. Wilkinson and Mascarenhas, for example, have "outline[d] the engagement of diverse Southern actors in shaping Fair Trade and their particular concerns related to increasing participation in Northern markets, developing Fair Trade markets in the Global South, and adapting FLO policies to a shifting multilateral context" (in Murray and Reynolds 2007, p.12).

Even Harriet Lamb in her book puts forward an idea of the development of a national Fairtrade-like system in India. "In 2006... I attended the launch meeting of an initiative, backed by Traidcraft, to develop the Fairtrade label in India. Their research showed the huge potential of harnessing the rapidly raising consumer spending power of the middle class together with India's long involvement with Fairtrade" (2008, p.176). She concludes by commenting that, "[o]f course, the major obstacles to developing Fairtrade in a country like India... cannot be underestimated, but building local and regional sales will be lynchpins of the future" (Ibid., p.177).

That the whole will be greater than the sum of its parts is where a national Fairtrade system adds particular value, since the development of one link in Fairtrade value chains, leads to developments of the others. Regarding prospective Serbian Fairtrade producers, their enclosure will be seen by other parts of the Fairtrade system as crucial for their own growth. Their inclusion are already called for by Serbian Fairtrade trading pioneer Delhaize Serbia (Kosanovic 2013, interview and Seslija 2013, interview), by consumers (Bogdanov 2013, interview, Djuraskovic 2013, interview and Jovanic 2013, interview) and above all, by Fairtrade campaigners (Djuraskovic 2013, interview and Jovanic 2013, interview).

From the point of view of Fairtrade traders, it would be easier, firstly, to promote a mark not discriminatory to Serbian poor and marginalised small-scale producers. Furthermore, they would be able to offer products that they already source from small-scale producers now re-branded under the Fairtrade mark. This would, simultaneously, positively influence the sales of their everyday, local, healthy and ecologically sustainable product categories, especially if the products are both Fairtrade and organic. As Fairtrade certification excises middlemen, who are present in Serbia as discussed above, this will be another benefit for future Serbian Fairtrade traders as well.

Regarding Fairtrade consumers, they will be in the situation to care both across geographic, and economic and social spaces in their own country. Furthermore, they will be able to purchase local, healthy and ecologically sound products that they love, with confidence that they are coming through Fairtrade value chains.

Finally, from Serbian Fairtrade campaigners' perspective, without the inclusion of poor and marginalised small-scale producers, it will be very hard to explain both to Serbian food traders and consumers why to participate in a system which excludes their own producers. This is particularly the case when considering that they exhibit, as argued above, the same degree of Fairtradeness as the ones who are already included. On the other hand, with their inclusion, Fairtrade campaigners will be able to campaign synergistically which in turn opens up three strategic opportunities to them. It allows them to focus on local, on poor and marginalised small-scale producers coming from abroad, while also educating traders and consumers that they can, at the same time, buy local, global, healthy, ecologically sound and fair traded food, all under the same Fairtrade mark.

Not only that this will avoid confusion, contrary to what some of the Fairtrade practitioners are constantly saying (Fairtrade supporter conferences 2013, 2012 and 2011), it will actually make the consumer choice easier. Particularly due to the fact that Serbia is an

infant brand and label market, hence, consumers will be able to connect themselves early on with the Fairtrade mark.

Global vs. Local?

Before I continue, I will clarify a few terms in order to further discuss and explain the global and local dynamics present particularly when talking about a national Fairtrade-like system. To begin with, the reason why I believe that the current Fairtrade mark, which was thus far international, can be used nationally as well, instead of developing separate national Fairtrade labels in every country, is because this will reduce the likelihood of confusion. Developing a separate Fairtrade mark in every country would be a costly process. More gravely, it would not be able to draw its credibility from the Fairtrade system, which is now, after a few decades of development, perceived as one of the most trustworthy in the world. In addition, Fairtrade certification is already developed, and at the same time, it is one of the biggest certification systems in the world with constant, very high growth rates. Therefore, it is not only one of the most influential systems of the kind at the moment, but it is one of the most promising as well.

A new, national label would need to mature first, earning its place and credibility. Secondly, it would not be able to certify products that do not originate from a particular country (in this case, Serbia). Finally, it will actually bring more confusion to the label market.

Furthermore, as already explained in the theoretical part of my doctoral thesis, the best way for the Fairtrade system to overcome its Global North - Global South divide is to diversify its production, trade and consumption. In this way, it will show that Fairtrade

producers, traders and consumers are all those who fit the description and meet the standards, irrespective of where they live and work.

Moreover, as already explained, the national Fairtrade-like system is not only there to be a stronger base for the international Fairtrade system, but it is also appropriating the aspects of global Fairtrade. Thus far, the national was going global, however, with the development of the national Fairtrade-like systems, the global is becoming national. The rationale behind this states that in this case, geographically close producers, traders and consumers, who are economically and socially distant, will be able to reconnect as thoroughly explained in the section "Fairtrade System and Caring Across Spaces".

Although the discussion in the doctoral thesis is focused on Serbia, like almost all countries in the world, it is a part of the global economy and its already stated import (coffee, citrus fruits, bananas, rice and cotton) and export (fresh fruits, dried fruits, fruit juices, vegetables, maize and wheat) product categories are either already Fairtrade product categories, or will be thus in the foreseeable future.

Finally, national Fairtrade-like system might hypothetically be questioned in principle. Why can producers, traders and consumers not simply follow the Fairtrade principles without being Fairtrade-certified? My answer is that they certainly can. However, this is not what is happening at the moment. This is why Fairtrade emerged in the first place, and this is the essence of its existing together with and in order to change the market logic discussed in detail in the section "In or Against or Existing Together With and in Order to Change the Market?".

My research cannot give a full answer to the question how that system would work in practice because it does not exist at present. However, I believe that, firstly putting forward the idea of its existence, explaining why it is needed, and finally, how the development of one part will positively influence the developments of the others, rendering the whole greater than

the sum of its parts, is a good base for further research on this topic. Therefore, the Fairtrade mark is necessary, and it actually can emerge as a truly global label, encompassing both the international and national Fairtrade trade.

National Fairtrade-like System and Serbian Fairtrade Traders

Following the specific discussion about Fairtrade traders in Serbia, in this part, I will again broaden the debate, now discussing the future of Fairtrade trading and its position in the prospective Serbian national Fairtrade-like system. Before discussing Serbian Fairtrade traders' potential developments, it is again important to point out that the infancy of the Serbian Fairtrade market precludes any definitive assessments, particularly as the research in this thesis is groundbreaking in this respect. However, there are already some advantageous and disadvantageous trends, as well as trading channels with their strengths, weaknesses and future potential.

For example, Fairtrade campaigners already raise the question why Serbian food manufacturers and processors are not producing Fairtrade products in secondary production, such as chocolates from Fairtrade ingredients (Djuraskovic 2013, interview and Jovanic 2013, interview). Djuraskovic explains that Serbia has a very successful, internationally recognised confectionery industry, with brands like "Stark", "Jaffa" and "Bambi" (2013, interview). All of these are strongly marketable in Europe and beyond, and Fairtrade certification could be the next logical step. He holds the same for major Serbian juice producers (Ibid.). Switching to Fairtrade may reasonably open up new domestic and export possibilities in this perspective.

A number of my interviewees recognised education and future growth of Fairtrade sales as two dominant, and I will add, interconnected challenges to supermarkets' Fairtrade

future (Kosanovic 2013, interview, Seslija 2013, interview, Djuraskovic 2013, interview and Nikolic 2013b, interview). Kosanovic states that, in his opinion, it could take up to ten years before people may easily recognise Fairtrade products and make informed purchases (2013, interview). On my next question, whether he sees ways in which this period could be shortened, he responded in the affirmative, again identifying education (Ibid.), as well as introduction of Fairtrade producers from Serbia, as crucial (Ibid.). Once these preconditions are met, Kosanovic considers the growth in Fairtrade sales as almost inevitable (2013, interview). There is certainly reason for optimism, since other certified products, like organic ones, are experiencing continuous growth in sales volume (Kosanovic 2013, interview and Fotiric Aksic 2013, interview), and since some of the most enthusiastic supporters of Fairtrade in Serbia currently work for Delhaize Serbia.

In order for the Serbian national Fairtrade-like system to evolve, the Fairtrade trade in Serbia requires evolution. As mentioned, numerous traders are capable of incorporating Fairtrade products in their palette. In addition, the fact that supermarkets in Serbia already experiment with Fairtrade and ethical products, even when missing sales targets, demonstrates potential for future developments as well. Delhaize Serbia is a Fairtrade pioneer important for the future of Fairtrade in Serbia in particular, as it recognises Fairtrade as one of the strongest labels (Kosanovic 2013, interview).

Finally, in terms of persuading other parts of the national system, Fairtrade traders are equally important and Kosanovic sees Delhaize Serbia's broader role as following: "This is a part of our story, strengthening local producers, and if they were [Fairtrade] certified, that would be even better. This is our power to potentially put forward a local producer in a large system, such as ours, and to make him sustainable in the market and to contribute to the overall story of sustainable development in the whole country and not just regarding us as a retailer" (2013, interview 16:05).

National Fairtrade-like System and Serbian Fairtrade Consumers and Campaigners

Before concluding this section, we should remind ourselves that without Fairtrade campaigning there is no future development of Fairtrade sales. Secondly, I will also restate Bentley's warning that Fairtrade campaigners, although crucial, are still not omnipotent (2013, interview). This advice is important because, although they are the Fairtrade standard-bearers, the Fairtrade campaigners cannot develop the Fairtrade system on their own and need the help and involvement from all other Fairtrade actors, most certainly from other Fairtrade consumers.

The crucial step on the road to development will be the foundation of the Serbian national Fairtrade organisation, "Fairtrade Serbia". Jovanic states the most important reasons why the Serbian NFO should be founded. Firstly, in order for it to be able to register and license Fairtrade traders, and to monitor their sales and secondly, its foundation will have an impact on two other Fairtrade referent objects in Serbia (2013, interview). It will be able to help in formulating specific Fairtrade standards for prospective Serbian Fairtrade producers (Ibid.). Moreover, together with other (consumer) organisations, it could also lead to the stronger involvement of Fairtrade consumers, although Jovanic warns that not all organisations are equally suitable for cooperation (Ibid.). According to her, recognising this is of significance because the worst case would be for NGOs with other agendas to adopt the Fairtrade project and exploit it for their short term goals, discarding it when it is of no further use for them (Ibid.). She warns: "simply put, be very careful, because they will ruin the whole concept" (Ibid. 16:06).

In addition, Fairtrade Serbia would be an institutionalised Fairtrade campaigning hub, as in the UK, *inter alia*. This will be even more the case when it begins receiving small, but

steady fee income from all Fairtrade licensees in Serbia, which all NFOs use to further boost Fairtrade sales, especially through Fairtrade educational campaigns.

Regarding the current state of the development of Fairtrade Serbia, I can personally confirm that, together with Jovanic and Djuraskovic, we have already initiated its creation, and that its inception is scheduled for 2016. The establishment of Fairtrade Serbia will certainly be a major development for the Serbian Fairtrade system. Moreover, it will be the base for both the augmentation of the individual parts of the system, since it will be able to lobby for the inclusion of Serbian Fairtrade producers, help Fairtrade traders and encourage Fairtrade consumers, but also, because it will constitute one of the crucial parts of development of a national Fairtrade-like system in Serbia.

8.7. Concluding Remarks

Summing up the debate, Chapter VIII was divided into three main parts. Firstly, I analysed Fairtrade traders through the process of Fairtrade mainstreaming through supermarkets, which is the dominant Serbian Fairtrade trading and consuming channel, particularly focusing on Serbian Fairtrade pioneer, Delhaize Serbia and its past, current and future Fairtrade developments. Before I analysed the supermarkets as Fairtrade traders, I briefly presented other Serbian Fairtrade traders, since apart from Fairtrade mainstreaming through supermarkets, I was also interested in the general future potential of Serbian Fairtrade trade.

Concerning the supermarkets, my focus was on Delhaize Serbia and the process of Fairtrade mainstreaming initiated and conducted through it. Based on findings in Chapter VI, in this chapter I also analysed six positive and an equal number of negative aspects of this process. Therefore, I argued that the boost of consumers' spending, educational potentials,

development of relational Fairtrade value chains, possibilities of portraying Fairtrade as a serious option for all mainstream food businesses, media entrance and building of more recognisable and influential Fairtrade brands, are advancements from the Serbian perspective as well. In addition, I also identified the possible pitfalls, e.g. circumvention of Fairtrade rules and regulations, final overpricing, cannibalisation of other Fairtrade traders' sales, silent de-listing, capturing the reputational gains and finally, a false increase in confidence that Fairtrade is everywhere, and connected with it, declining interest in Fairtrade campaigning, some of which are already present in Serbia.

Serbian Fairtrade campaigning groups, comprising the most alert Fairtrade consumers, which are today in their making, were the focus of the second part. In particular, I discussed Serbian Fairtrade campaigners' educational capacities and their present and future contributions to the process of Fairtrade mainstreaming through supermarkets. This discussion was preceded by a more general debate about a statistical average, and different groups of Serbian Fairtrade consumers.

Therefore, in the second "Serbian Chapter", by using the lessons drawn from Chapter VI as points of departure, combined with my original extensive field research in Serbia, I discussed two further Fairtrade referent objects of my doctoral thesis - Fairtrade traders, accentuating supermarkets and consumers, highlighting campaigners, now in the Serbian context. In this way, I gave the final answer to the second attendant research question - "What is the current situation and what are the potentials for further development of Serbian Fairtrade trade and consumption?", thereby answering the second part of my underlying research question connected with the question of the extent to which Serbian Fairtrade traders and consumers are and will be able to partake in the Fairtrade system in the future.

The final part, focused on the potential emergence of a Serbian national Fairtrade-like system, enhanced the discussion. This section answered my third attendant research question

- "To what extent it is possible to establish a national Fairtrade-like system in Serbia and in that case, is the whole greater than the sum of its parts?", which in turn answered the final part of my underlying research question holistically looking on the potentials for Serbian Fairtrade production, trade and consumption.

By giving the final answers to my three attendant, and therefore, to my underlying research question - "To what extent can Serbia, as one of the producer-excluded upper-middle-income economies, partake in the Fairtrade system in the future, as a country where Fairtrade products are produced, traded and consumed?", by concluding the discussions in the last two, "Serbian chapters", I finished the empirical part of my doctoral thesis and I made all four contributions to knowledge.

Firstly, following the theoretical examination of my new topic in chapters II and III, I now put forward empirical findings, making the full contribution to the Fair Trade literature. Secondly, by putting forward new primary data in chapters VII and VIII, I presented full and ground-breaking empirical research on Serbian prospective Fairtrade producers and current, as well as future Fairtrade traders and consumers. Following the debate commenced in Chapter IV on methodology and continued through illustrative case studies' chapters V and VI, in the last two chapters, I put forward the final part of my innovative comparison, centred on Serbia as my main case study. Finally, the disconfirmatory empirics based on my original field research in Serbia were presented, stating arguments as to why the current exclusion of Serbia from Fairtrade producing countries is indefensible in practice as well, leading to my fourth contribution to the literature.

CHAPTER IX - THE CONCLUSION

Recapitulation of Major Findings

My doctoral thesis began with a story about mankind's most recent astronomical successes in its cosmological quest for knowledge. I wanted to contrast our stellar achievements with humanity's struggle to bring development and alleviate poverty on our own planet. In this respect, the relative progress in recent decades has not only been insufficient, but additionally hindered by recent global food and economic crises. Many people around the world in both developing and developed economies were hit particularly hard. Chang (2011) notes that many of them will never be a part of the economic mainstream again. These people, losers of both the global food and economic crises, living below poverty lines and in one or more conditions which I identified in the broadened Stewart and Wang's definition of poverty (2003) can be found both in the Global South and in the Global North, as the UNDP's report showed (2013), thus showing that there is also "south" in the Global North.

Given the fact that I believe that all poor people, irrespective of where they live deserve special kindness and similar attention, I focused my research on the ones from one upper-middle-income economy from the Global North - Serbia, firstly showing the need for viewpoint repositioning in terms of its developmental realities. Therefore, I began discussing my main case study already in the Introduction, and continued it throughout my doctoral thesis, presenting its economic parameters, its food system and key links in its food value chains. However, above all, I focused on its current and future Fairtrade potentials for inclusion in the Fairtrade system, both through prisms of production, as well as trade and consumption. Although I do not think that the Fairtrade system is a panacea and that it can (or

should) give all the answers to the questions regarding global development, the overall rationale behind my doctoral research was that it is one of the most successful trade-not-aid initiatives and that it can give certain positive contributions.

As discussed, the development potentials that the Fairtrade system has are well documented. Consequently, at present, 1.4 million producers who are members of the Fairtrade system (Fairtrade International 2014a) benefit from its numerous advantages. Although it can be said that this is just a fraction of the people helped by national subsidies or international aid programmes, it is also important to restate the two overall arguments in favour of Fairtrade. Firstly, as mentioned above, it is a trade-not-aid initiative and many scholars are seeing it as therefore more sustainable in the long run. Secondly, as also discussed, it does not cost anything out of the public purse, so in effect, it is a "free" initiative, based solely on the willingness of Fairtrade producers, traders and consumers to participate.

However, in order for the Fairtrade system to be able to positively influence Serbia, through my research I found that it has to change its exclusion practices, thus far unidentified by the Fair Trade literature. From this starting point, I identified three underexplored areas, three gaps in the literature, and I dedicated my doctoral thesis to bridging them.

Firstly, I unearthed a group of producer-excluded upper-middle-income economies, whose poor and marginalised small-scale food producers were never studied by the Fair Trade literature before, and in practice, are forbidden from producing Fairtrade products in primary production. Consequently, they are under a direct threat of becoming double-losers, expelled from both Fairtrade and non-Fairtrade economies. Secondly, I found that Fairtrade traders and consumers from the same group of economies are largely analytically unexplored as well. Finally, I questioned the potentials of countries from this group to create national Fairtrade-like systems, by firstly equally developing all three Fairtrade aspects, i.e. Fairtrade

production, trade and consumption, and secondly, by showing how the whole is greater than the sum of its parts, which still remains completely undiscovered by the same literature.

In order to bridge these gaps, I focused my research on one producer-excluded upper-middle income economy, Serbia. I presented the most in-depth analysis ever conducted in any of the nine producer-excluded upper-middle income economies about its full Fairtrade potentials, with the original primary data collected about all three prospective and current Fairtrade referent objects, i.e. Fairtrade producers, traders and consumers. Hence, I explored the possibilities for the Fairtrade system's change from its current focus, which is almost exclusively on connecting Fairtrade producers from the Global South and Fairtrade traders and consumers from the Global North. In order to achieve this, I needed to introduce new prospective Serbian Fairtrade producers, and current Serbian traders and consumers into the Fair Trade literature, thus laying a foundation for the change of discourse that may lead, in practice, to their future stronger inclusion in the Fairtrade system.

My research was led by one main research question, from which three attendant research questions were derived, in order for me to be able to break down my complex research puzzle into more manageable parts. Hence, answering all three of them, I consequently answered the main research question as well.

My research was guided by the underlying research question: "To what extent can Serbia, as one of the producer-excluded upper-middle-income economies, partake in the Fairtrade system in future, as a country where Fairtrade products are produced, traded and consumed?".

This was underpinned by three attendant research questions:

1. "To what extent can Serbian poor and marginalised small-scale producers, currently excluded from the Fairtrade system partake in that system?";

2. "What is the current situation and what are the potentials for further development of Serbian Fairtrade trade and consumption?";
3. "To what extent it is possible to establish a national Fairtrade-like system in Serbia and in that case, is the whole greater than the sum of its parts?".

These questions were addressed from different theoretical, methodological and empirical positions throughout my doctoral thesis and especially in the final two chapters focused on Serbia where they were fully answered. By answering the underlying research question, I made four contributions to the Fair Trade literature.

In order to achieve this, in theoretical chapters II and III, I firstly had to present the literature review and theoretical framework of my doctoral thesis, reviewing and critically analysing the Fair Trade literature, especially titles which are based on research coming from the development studies, global food system, and caring across space bodies of work.

In doing so, firstly, in Chapter II I showed a shift towards more inclusive liberalism and identified private governance in general and third-party certification schemes, including the Fairtrade system, in particular, as one of the answers to its shortfalls. Secondly, I discussed my novel approach which sees the Fairtrade system as existing together with and in order to change the market.

Furthermore, I argued that the Fairtrade system is also a part of the global food system. However, I immediately showed that its value chains are different, striving towards the relational ideal type, following Gereffi's analytical framework widely applied in the Fair Trade literature. Moreover, I asked three questions: how far we should care for others, how human sameness and difference is perceived and finally, how important education about unfair practices is, concluding that the Fairtrade system represents a vehicle for giving care a substance. This gave a theoretical foundation for understanding Fairtrade system's internal

normative and operational logic of care, re-connection and inclusion, and is the base for the critique of its current exclusion practices.

In addition, in Chapter III, I presented the contemporary Fairtrade system, focusing, firstly, on its principles and monetary benefits and secondly, on the three key referent objects, i.e. Fairtrade producers, traders and consumers emphasising campaigners as well. By explaining how Fairtrade system works, I put forward the base for understanding the empirical debates in chapters V - VIII.

Finally, I presented the Global North - Global South divide critique and upper-middle-income economies' position within the system, identifying disparity between theory and practice. In this way, I set the theoretical foundations, firstly, for making my first contribution to knowledge regarding the examination of a new topic and in more general terms, the direction of the debate through the rest of my thesis.

Before moving to the empirical part of my thesis and showing how the theory met the practice, I presented a bridge between these two parts of my thesis in the form of methodological Chapter IV. Therefore, by discussing critical analysis as my first method, I concluded the previous discussion. By subsequently presenting the case study and the comparative research method based on lesson-drawing principles, I introduced chapters V - VIII.

An additional theoretical and methodological strength of my doctoral thesis came from the fact that as a GEM PhD scholar, I benefited from having two supervisors coming from different academic backgrounds - one from a politics department and the other from a business school. Therefore, I had a privilege to be equally well-guided when I was accessing both pools of knowledge. This is particularly important because both previous and future research on the Fairtrade system was, and will be, interdisciplinary. Consequently, the above-presented discussion would not be as rich if this was not the case.

Hence, in Chapter IV, I identified, outlined and explained the methodological choices of my doctoral research that aided me in answering my underlying research question and in contributing to knowledge. In addition, this chapter underpins my third contribution to the literature focused on innovative comparison, which is based on two illustrative case studies which were presented in the following chapters V and VI, and the main one, which was the topic of chapters VII and VIII focused on Serbia.

I started the empirical part of my doctoral thesis by presenting my first illustrative case study in Chapter V. The more general debate about the Mexican Fairtrade system itself was followed by a very specific discussion about two features which I identified as crucial lesson-drawing bases for my main case study on Serbia. Firstly, I focused on identifying the main characteristics of Mexican Fairtrade producers and their everyday circumstances. Secondly, I focused on benefits that Mexican Fairtrade producers receive from Fairtrade. Consequently, the Mexican Chapter was the lesson-drawing basis for answering the first attendant research question, which tackled this question in particular and hence, the basis for answering a part of my underlying research question focused on prospective Serbian Fairtrade producers.

I continued the search for the lessons that can be drawn for my main case study in Chapter VI where I presented my second illustrative case study. Following a cursory discussion of the UK Fairtrade system in general, I put forward an empirical debate regarding the second and third referent objects of my doctoral research. These are Fairtrade traders and consumers respectively, and further two lessons regarding Fairtrade mainstreaming through supermarkets and Fairtrade campaigning. Therefore, the UK Chapter was the lesson-drawing base for answering the second attendant research question, which addresses these two referent objects in particular, and consequently, a base for answering a part of my underlying research question focused on current and future Serbian Fairtrade traders and consumers.

The extensive chapters VII and VIII, dealt exclusively with Serbia. In the former, I firstly discussed the history and the contemporary structure of the Serbian Fairtrade system, a discussion that served as an introduction to both chapters simultaneously. Applying my theoretical framework, I put forward a comprehensive debate about the first Fairtrade referent object, now from the Serbian perspective, by evaluating prospective Serbian Fairtrade producers. The discussion presented was based on two lessons learned from my first illustrative case study on Mexico - the main characteristics of Fairtrade producers, and benefits they receive from the Fairtrade system.

Using these lessons as points of departure, combined with my original extensive field research in Serbia, I discussed prospective Serbian Fairtrade production. In this way, I give the final answer to the first attendant research question focused on Serbian prospective Fairtrade producers. Consequently, I answered the first part of my underlying research question focused on the extent to which Serbian poor and marginalised small-scale producers can partake in the Fairtrade system in the future.

The debate continued in Chapter VIII, where, I presented the second and the third key links in Fairtrade global value chains Fairtrade traders and consumer, now from the Serbian Fairtrade perspective. The discussion was based on the third and the fourth lesson drawn from my second illustrative case study, combined with my original extensive field research in Serbia. I analysed Fairtrade traders with a view of Fairtrade mainstreaming through supermarkets, which is the dominant Serbian Fairtrade trading and consuming channel, particularly focusing on Serbian Fairtrade pioneer, Delhaize Serbia and its past, current and future Fairtrade developments.

In addition, currently emerging Serbian Fairtrade campaigning groups, consisting of the most aware Fairtrade consumers, were the focus of the second section, together with a more general debate about an average, and different groups of Serbian Fairtrade consumers.

By concluding the discussions in these two sections I gave the final answer to the second attendant research question, thereby answering the second part of my underlying research question connected with the question of the extent to which Serbian Fairtrade traders and consumers are and will be able to partake in the Fairtrade system in the future.

The debate in Chapter VIII was augmented in the final part by the discussion focused on possibilities for developing Serbian national Fairtrade-like system which answered the third attendant research question focused on this issue. Consequently, it offered an answer to the final part of my underlying research question that holistically looks at the potential for Serbian Fairtrade production, trade and consumption from a Fairtrade production point of view.

By giving the final answers to my first, second and third attendant research questions and consequently, to my underlying research question, through debates presented in chapters VII and VIII, I made all four contributions to knowledge. I examined a new topic, put forward new primary data, made an innovative comparison and presented disconfirmatory empirics.

Future Research

Following Gerring's previously quoted advice (2007) that no research in general, and especially that based on case studies should every be concluded without at least an idea of how they fit in the broader research universe, and what the future research avenues would look like, I will now present the potentials of my doctoral research.

It was envisaged as a starting point for future study, firstly on other producer-excluded upper-middle-income economies. That being said, it is important to restate that my doctoral thesis was about Serbia and its Fairtrade potentials. Therefore, discussions about

other eight producer-excluded upper-middle-income economies were left for future research. However, it is not hard to presume that other countries from that group are in a somewhat similar situation.

This position is strengthened, firstly by the fact that three of them are ex-Yugoslav countries, Bosnia and Herzegovina, Macedonia, FYR and Montenegro. To a large extent, they share the history and the fate of Serbia and some of them, like Bosnia and Herzegovina, actually felt the full tragedy of the country's dissolution due to the strongest war destructions.

Three further economies, Albania, Bulgaria and Romania, are Serbia's neighbours. Many historians would argue that they have an even worst pre-1990s history than Yugoslavia. Today, two of them, Bulgaria and Romania, are EU member states and, as also clearly stated, it would be unfair to claim that they are not in a better position than the rest of the group due to all developmental advantages that the EU membership brings. However, it is also important to point out that they are the poorest and the least developed EU member states, which also speaks volumes.

Belarus is actually the country which is the least similar to the rest of the group due to its post World War II history and current geo-political developments, but its developmental challenges are numerous as well. Finally, Turkey is the strongest member of the group. If it continues to develop at the current pace, it will certainly enter the group of high-income economies before any of the above-stated economies. That being said, Turkey also faces a number of developmental challenges and similar to Belarus, its geographical surroundings are among the least stable in the world.

Finally, in spite of all the challenges, all eight countries have a developing group of increasingly enlightened traders and consumers who can become the kingpins of new demand for Fairtraded products. In turn, this can also lead to the developments of future national

Fairtrade-like systems in these countries. These and many other questions are to be discussed in future Fairtrade research.

Secondly, my study can also be seen as the starting point for future research on other producer-included upper-middle-income economies. In particular, about their capacities to be, besides Fairtrade producers, also Fairtrade traders and consumers of Fairtrade products and to develop national Fairtrade-like systems.

This is a logical furtherance, but now I will go a step further by suggesting that my research can be used for future research on new Fairtrade markets in general, irrespective of whether they are focused on low or lower-middle-income economies or even high income ones in the future. Particularly due to the fact that I presented a lesson-drawing comparative method that was not used in the Fair Trade literature before, that future researchers can adjust to their particular research needs.

Secondly, my research can be seen as a basis for future research into stronger development of Fairtrade traders and consumers from the Global South in particular and in general, for researchers focused on bridging the Global North - Global South divide in the Fairtrade system. As already discussed, there are numerous calls for research from the most esteemed Fair Trade scholars like Nicholls and Opal (2005) and Jaffee (2007) and from a number of my interviewees. Ignoring these appeals will become increasingly untenable, especially due to the above-presented data from one of the last UNDP's reports, suitable named: "The Rise of the South: Human Progress in a Diverse World" (2013). As Murray and Raynolds have stated, only then will we have a truly global Fairtrade system, which will be able to use fully the potential coming from both the Global North and the Global South.

Finally, my research could serve as a foundation for future research interested in the development of national Fairtrade-like systems, since in the case of Serbia, I clearly

identified that the whole is greater than the sum of its parts due to the positive influence that the development of one part of the system can have on the progress of the other two.

Practical Implications

In the last part of my Conclusion, I will discuss the effects that my research can have regarding the Fairtrade system's praxis. Before I start, I would like to point out again that I am both a Fair Trade researcher and a campaigner and that, after thorough research, I found that the Fairtrade system can have positive effects on poor and marginalised small-scale producers around the world due to all Fairtrade benefits discussed above. Hence, while writing the final draft of my doctoral dissertation my aim was not only to contribute to knowledge, but also for my research to be read by Fairtrade practitioners and used for practical Fairtrade developments.

In that sense, I will recall the anecdotes from my Introduction, summing them up in two sentences: firstly, there are less and less practical arguments supporting the exclusion of Fairtrade producers from the Global North, especially from nine identified upper-middle-income economies; secondly, there are more and more proponents of the inclusion of poor and marginalised small-scale producers from the Global North.

Consequently, the greater integration of all upper-middle-income economies may in practice lead to the creation of a more global Fairtrade system. In this envisioned state, firstly, the poor and marginalised small-scale producers and workers from underdeveloped regions of nine excluded upper-middle-income economies will gain a new perspective to develop and thrive by being included in the Fairtrade system more strongly. Secondly, more poor and marginalised small-scale producers and workers from other regions of the world will gain stronger access to new markets of upper-middle-

income economies, once their producers stop being discriminated. This is again the logical furtherance, but my research could also be seen as the basis for practical arguments for including poor and marginalised small-scale producers from high-income economies as well.

This can be even more important at present, due to the following development. In her recent blog post, Barbara Crowther, the director of policy and public affairs for the Fairtrade Foundation, restated the position that the Fairtrade certification for northern small-scale producers is out of the question (2015). In this way, she again went against numerous Fairtrade traders and consumers who are asking for it to happen (in this particular case, for the UK small-scale milk producers). Therefore, the opposition is still strong and influential. However, in my opinion, a position held by 94% of readers polled in a recent survey conducted by Metro who stated that they "would like to see fair trade milk" (Ibid., p.2) will prevail in the years to come.

Secondly, my research can be regarded as a base for market research interested in the development of new Fairtrade markets. This is a process that is already happening and for example, the new Fairtrade marketing organisations are now present in the Global South as well, in Brazil, India and Kenya for example. That being said, it is also important to point out FMOs in the Global South are still in the minority, since four of them are in high-income economies from the Global North (Czech Republic, Hong Kong, Slovakia and South Korea). Secondly, these are all FMOs and not national Fairtrade organisations, which are far more influential. Hence, the development of new markets is still based on the old, developed Global North - underdeveloped Global South divide *modus operandi* and my research is a strong argument why this should be changed. The consequences could be twofold. Firstly, with the development of NFOs in the Global South they will

have a stronger voice in the whole Fairtrade system. Secondly, this will be another strong foundation for the development of national Fairtrade-like systems.

Moreover, I will put forward a country currently almost completely under the Fair Trade radar and that is China, which is a producer-included upper middle income economy, but its Fairtrade development is rudimentary. Based on numerous informal conversations with Chinese Fair Trade researchers and practitioners, given the China's ascent in the global economy, as well as the fact that it has both poor and rich citizens and that its internal market is big, I believe that a better place for implementation of a national Fairtrade-like system cannot be found at present.

In addition, perhaps the most important immediate practical advancement which can be derived from my doctoral thesis and the research inspired by it can be the change of the Fairtrade International's Geographical Scope Policy of Producer Certification. Due to this standard, at present, the exclusion is carved in stone. However, as discussed above, the changes in it would be perceived as a clear incentive for other parts of the Fairtrade system to continue to develop Fairtrade as a truly global system.

The final practical reason, which was at the same time one of the strongest motivators to write my doctoral dissertation, is to create a conceptual foundation for the change of Fairtrade system's exclusion practices leading to the situation where poor and marginalised small-scale producers from the country I hail from will be able to enter the system. I hope for this practical development to occur, firstly, because Serbian prospective Fairtrade producers can truly contribute to the development of the whole movement with their high quality products, some of which cannot be sourced from the Global South, as discussed above. Secondly, and far more importantly, if this does not occur, some of them will become double-losers, excluded from both non-Fairtrade and Fairtrade economy.

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LIST OF QUOTED INTERVIEWS

Individual Interviews

1. Bentley, S., 14 November 2013. *Interview with the first chair of the UK National Fairtrade Campaigner Committee* (in person, London).
2. Blagojevic, S., 6 June 2013. *Interview with the president of the Municipality of Crna Trava* (in person, Crna Trava).
3. Bogdanov, N., 21 May 2013. *Interview with Professor and the director of the Department of Agriculture Economics at the University of Belgrade - Faculty of Agriculture* (in person, Belgrade).
4. Celis, S., 18 March 2013. *Interview with Oaxacan Fair Trade researcher* (Skype interview).
5. Colovic, E., 27 May 2013. *Interview with senior agriculture credit and risk advisers at the Sberbank* (in person, Belgrade).
6. Djordjevic, B., 4 June 2013. *Interview with agricultural adviser at the Municipality of Medvedja* (in person, Medvedja).
7. Djuraskovic, M., 15 May 2013. *Interview with Serbian national anti-trafficking coordinator at the Ministry of Interior of the Republic of Serbia and one of the initiators of the Fairtrade movement in Serbia* (in person, Belgrade).
8. Fotiric Aksic, M., 22 May 2013. *Interview with Professor at the Institute of Fruit Science and Viticulture - Department of Horticulture at the University of Belgrade - Faculty of Agriculture* (in person, Belgrade).
9. Ivanovic, B., 5 June 2013. *Interview with agricultural adviser at the Municipality of Lebane* (in person, Lebane).

10. Jovanic, T., 20 May 2013. *Interview with Professor at the University of Belgrade - Faculty of Law and one of the initiators of the Fairtrade movement in Serbia* (in person, Belgrade).
11. Jovanovic, N., 5 June 2013. *Interview with the director of the Office for Local Economic Development of the Municipality of Lebane* (in person, Lebane).
12. Martinez Senties, L., 27 February 2013. *Interview with agriculture counsellor at the Ministry of Agriculture of Mexico (SAGARPA), Representative Office for Europe at the Embassy of Mexico* (in person, Brussels).
13. McGeachie, C., 4 November 2013. *Interview with the director of public engagement at the Fairtrade Foundation* (in person, London).
14. Miletic, M., 4 June 2013. *Interview with honey producer and the president of the local beekeepers society in the Municipality of Medvedja* (in person, Medvedja).
15. Milovanovic, T., 14 June 2013. *Interview with a senior adviser at the Agency for Local Economic Development of the City of Vranje* (in person, Vranje).
16. Nikolic, D., 12 June 2013a. *Interview with the former director of the Office for Local Economic Development of the Municipality of Vladicin Han* (in person, Vladicin Han).
17. Nikolic, D., 12 June 2013b. *Interview with the director of sales in Primanova* (in person, Leskovac).
18. Pauwels, A., 27 February 2013. *Interview with sustainable private brand manager at Delhaize Group S.A./N.V* (telephone interview).
19. Perez Akaki, P., 15 March 2013. *Interview with Professor and Fair Trade researcher at the Universidad Nacional Autónoma de México - La Facultad de Estudios Superiores Acatlán* (in person, Mexico City).

20. Pocovi Garzon, P., 15 March 2013. *Interview with Professor of global marketing and Fair Trade researcher at the ITESO - Universidad Jesuita de Guadalajara* (Skype interview).
21. Pruijn van Engelen, J., 27 March 2013. *Interview with the executive director of the Símbolo de Pequeños Productores - FUNDEPPO and former executive director of the Comercio Justo México and secretary general of the Coordinadora Latinoamericana y del Caribe de Pequeños Productores de Comercio Justo (CLAC)* (Skype interview).
22. Radosavljevic, M., 6 June 2013. *Interview with agricultural adviser at the Municipality of Vlasotince in Jablanica District* (in person, Vlasotince).
23. Renard, M-C., 28 March 2013. *Interview with Professor at the Universidad Autónoma Chapingo* (in person, Mexico City).
24. Savic, J., 29 May 2013. *Interview with Professor at the Institute of Crop Science - Department of Crop Science at the University of Belgrade - Faculty of Agriculture* (in person, Belgrade).
25. Simic, D., 4 June 2013. *Interview with the director of the Office for Local Economic Development of the Municipality of Medvedja* (in person, Medvedja).
26. Smiljkovic, D., 13 June 2013. *Interview with agricultural adviser at the Municipality Trgoviste* (in person, Trgoviste).
27. Stojanovic, M., 4 June 2013a. *Interview with local small-scale manufacturer of agricultural machinery* (in person, Medvedja).
28. Stojanovic, N., 6 June 2013b. *Interview with the president of the Municipality Vlasotince* (in person, Vlasotince).
29. Stojanovic, Z., 27 May 2013c. *Interview with Professor of agricultural economics, a vice-dean at the University of Belgrade - Faculty of Economics and a leading agro-marketing researcher in Serbia* (in person, Belgrade).

30. Tojaga, B., 3 June 2013. *Interview with the director of the Agency for Local Economic Development of the City of Leskovac* (in person, Leskovac).
31. Veillard, P., 18 February 2013. *Interview with Fair Trade expert at the Oxfam Magasins du Monde* (Skype interview).
32. Vida, V., 28 May 2013. *Interview with the director of the Consumer Centre of Serbia - CEPS* (in person, Belgrade).
33. Vuckovic, B., 5 June 2013. *Interview with leading organic producer in South Serbia* (in person, Leskovac).
34. Wouters, K., 15 February 2013. *Interview with a stakeholder and policy manager at the Fairtrade Max Havelaar Belgium* (in person, Brussels).
35. Zegarac Milenkovic, A., 12 June 2013. *Interview with the director of the Office for Local Economic Development of the Municipality of Surdulica* (in person, Surdulica).

Interviews with Two Interviewees

36. Agusi, S., 14 June 2013. *Interview with the director of the Office for Local Economic Development of the Municipality of Presevo* (in person, Presevo).
- and*
37. Murati, N., 14 June 2013. *Interview with agricultural adviser at the Municipality of Presevo* (in person, Presevo).

38. Chadi, I., 18 March 2013. *Interview with Fair Trade researcher and a former Communications Manager at the Símbolo de Pequeños Productores - FUNDEPPO* (in person, Mexico City).

and

39. Quijano, E., 18 March 2013. *Interview with an agricultural researcher from Mexico City* (in person, Mexico City).

40. Dodic, S., 10 June 2013. *Interview with the director of the Office for Local Economic Development of the Municipality of Bojnik* (in person, Bojnik).

and

41. Radivojevic, G., 10 June 2013. *Interview with agricultural adviser at the Municipality Bojnik* (in person, Bojnik).

42. Jovasevic, V., 6 June 2013. *Interview with agricultural adviser at the Municipality of Crna Trava* (in person, Crna Trava).

and

43. Slavkovic, V., 6 June 2013. *Interview with the director of the Office for Local Economic Development of the Municipality of Crna Trava* (in person, Crna Trava).

44. Kosanovic, R., 20 May 2013. *Interview with sustainability officer at Delhaize Serbia in charge with the regional line of Delhaize Fairtrade products and one of the initiators of the Fairtrade movement in Serbia* (in person, Belgrade).

and

45. Seslija, D., 20 May 2013. *Interview with sustainability assistant at Delhaize Serbia* (in person, Belgrade).

46. Milenkovic, G., 3 June 2013. *Interview with rural development and agriculture project manager at the Centre for Development of Jablanica and Pcinja Districts* (in person, Leskovac).

and

47. Santai, Lj., 3 June 2013. *Interview with team leader for organic food production support in South Serbia at the Centre for Development of Jablanica and Pcinja Districts* (in person, Leskovac).

Group Interviews

48. Coremans, E., 13 February 2013. *Interview with communication and campaign officer at the Trade for Development Centre of Belgium* (in person, Brussels).

and

49. De Craen, S., 13 February 2013. *Interview with fair and sustainable trade officer at the Trade for Development Centre of Belgium* (in person, Brussels).

and

50. Poos, S. 13 February 2013. *Interview with coordinator at the Trade for Development Centre of Belgium* (in person, Brussels).

51. Vida, M., Opalic A. and Begenisic, A., 28 May 2013. *Group interview with Marija Vida, senior adviser, Ana Opalic, counsellor and Ana Begenisic, legal adviser at the Consumer Centre of Serbia - CEPS* (in person, Belgrade).

APPENDIX 1 - INTERVIEW CONSENT FORM

Interview Consent Form

Title of the PhD Research:

"An Assessment of Possibilities for Inclusion of Upper-middle-income Economies in the Fairtrade System - Case Study Serbia"

Summary of the PhD Research:

During the last two decades of the Fairtrade history, its two important aspects were understudied. Firstly, progressive potentials of a number of upper-middle-income economies were not fully realized and remain underexplored. Their greater integration may lead to the creation of a more global Fairtrade system and in this envisioned state, more producers from the poorest regions of the world would gain additional access to new markets and the underdeveloped regions of the upper-middle-income economies a new prospect to develop and thrive. This is the first gap that the doctoral research aims to start to bridge, by focusing on one of the underexplored upper-middle-income economies, currently almost completely outside of the Fairtrade system - Serbia. This debate is directly connected with the second largely understudied aspect (gap) - the possibility of creating a national Fairtrade-like system by connecting Fairtrade producers, sellers and buyers within one country more closely. The doctoral research aims to explore this possibility further, again in Serbia.

Underlying PhD Research Question:

"To what extent can Serbia, as an upper-middle-income economy, currently almost completely outside of the Fairtrade system, partake in that system in future, as a country where Fairtrade products are both produced and sold?"

Please tick the appropriate boxes**Yes No**

- | | | |
|--|--------------------------|--------------------------|
| 1. I have been given a copy of the consent form for future reference | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. I have read and understood the title, summary and main question of the research | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. I have been given the opportunity to ask questions about the research | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. I agree to take part in the research and to be interviewed | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. I agree to have my interview recorded | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. I agree to allow for my words to be quoted in the PhD and related research outputs | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. I understand that my taking part is voluntary and I can withdraw freely at any time | <input type="checkbox"/> | <input type="checkbox"/> |

Name of Participant [printed]

Signature

Date

Filip Brkovic
PhD Researcher
University of Warwick - ULB
GEM PhD School

Signature

Date